



2020/2021– 2022/2023 FINAL ANNUAL BUDGET AND MEDIUM - TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

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ABBREVIATIONS, ACRONYMS AND DEFINITIONS

COGTA – Department of Co-operative Governance and Traditional Affairs

CPI – Consumer Price Index

DORA – Division of Revenue Act

EPWP – Expanded Public Works Programmes

GDP - Gross Domestic Product

GRAP – Generally Recognised Accounting Practices

IDP – Integrated Development Plan.

INEPG – Integrated National Electrification Program Grant

MFMA – Municipal Finance Management Act, 56 of 2003

MIG – Municipal Infrastructure Grant

MPRA – Municipal Property Rates Act, 06 of 2004

MSA – Municipal Systems Act, 32 of 2000

MDTG – Municipal Demarcation Transition Grant

MTREF – Medium-term Revenue and Expenditure Framework

WSIG – Water Services Infrastructure Grant

MWIG – Municipal Water Infrastructure Grant

NDPG – Neighbourhood Development Program Grant

NERSA – National Electricity Regulator of South Africa

NT – National Treasury

PT – Provincial Treasury

PTISG – Public Transport Infrastructure Systems Grant

SDBIP – Service Delivery and Budget Implementation Plan

The Act – Refers to the Municipal Finance Management Act, 56 of 2003

Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a City may revise its budget during a financial year.

Equitable Share – A general grant paid to municipalities.

Operational Expenditure – Spending on the day to day expenses of the City such as general expenses, salaries and wages, and repairs and maintenance.

Rates – Local Government tax based on assessed valuation of a property.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of the City for a specific period.

Capital Expenditure – Spending on municipal assets such as property, plant and equipment's. Any capital expenditure must be reflected as an asset on a City's balance sheet.

PART 1 – ANNUAL BUDGET

2020/2021 Final Municipal budget speech by the Honourable Executive Mayor of the City of Mbombela Municipality

1.1 MAYOR'S REPORT

2020-2021 FINAL MUNICIPAL BUDGET NOTES BY THE EXECUTIVE MAYOR OF CITY OF MBOMBELA, CLLR S P MATHONSI

29 JUNE 2020

The Honourable Speaker of council, Cllr M. GS Siwela

Honourable Chief Whip of Council, Cllr M. Nsimbini

Honourable Party Whips

Honourable Councillors through the teleconferencing facility in the various regions

The City Manager

Senior Management of the municipality

Good Day

Honourable Speaker, as we did on 29 April earlier this year, here we are today continuing with the **'New Normal'** way of conducting our business due to the ongoing pandemic that has engulfed the globe. We continue to adopt unconventional but necessary processes to convene this sitting under trying conditions and at a period unprecedented in the history of this country and our city.

The speed at which this global pandemic called COVID-19 (Coronavirus) was spreading globally, prompted our government to act swiftly and declared a state of Disaster and initially called for a National 21-Days Lockdown which was subsequently followed by a phase out approach of the reopening our economy whilst we still manage the spread of the virus by flattening the curve. We would like to appeal to all citizens to embrace this new approach of doing things if we are to ultimately win this battle against the scourge.

Honourable Speaker, this current state of affairs as a result of the pandemic has had far reaching implications to our economy and the livelihoods of ordinary South Africans which will still be felt for a number of years to come. When we tabled our Draft Budget exactly two months ago, the country had only recorded 2 deaths from 1 187 infections. It is astonishing to learn that, 2 months later the number of deaths recorded has even surpassed the number of infections of 2 months ago and the number of infections has multiplied over 1000 fold. These are alarming statistics that call for a drastic behavioral change from all of us.

South Africa is currently faced with numerous micro and macro-economic challenges which affect the growth of the country which has been exacerbated by the pandemic. It is already common cause that the economic outlook is very bleak but we have a duty to continue providing services to our people despite this challenges. We would also like to pay homage and appreciate the spirit displayed by our employees who were charged with the delivery of essential services to our people during this difficult time. The spirit of patriotism shown to all of us was amazing. They really deserve a round of applause!

The City is also faced with many domestic challenges over and above the macro economic challenges. The persistent cash flow constraints continues to limit the extent to which the city can implement service delivery to our communities. The final budget that we are tabling before you today has factored a number of these dynamics throughout the medium term period. The City is also faced with a significant reduction on its grants allocations over the medium term period.

In order to enhance and fast track service delivery provision and also in responding to the needs raised by our communities, the municipality will be spending in the next three years **R1, 533 billion** (94 percent) of the total capital expenditure budget) on social infrastructure development to address backlogs and upgrading of the existing infrastructure in the following priority areas;

- (a) The allocation for Roads and storm water infrastructure over the medium-term will amount to **R826** million and the allocation for 2020/2021 is **R208 million**. The

details of the breakdown has been provided in the report to the honourable members of council.

- (b) Bulk water and reticulation infrastructure budget allocation will amount to **R427** million over the medium-term and the allocation for 2020/2021 is **R77 million**, also as detailed on our report to council.
- (c) Electricity supply and management infrastructure allocation will amount to **R160** million over the medium-term and the allocation for 2020/2021 is **R50 million** as detailed in the report.
- (d) Sanitation and sewerage infrastructure allocation will amount to **R86** million over the medium-term and the allocation for 2020/2021 is **R27 million** as detailed on our report to council.
- (e) Waste and environment management is allocated **R21** million over the medium term and the allocation for 2020/2021 is R650 thousand for the ablution facilities.
- (f) Economic Development infrastructure is allocated an amount of **R13** million over the medium term and the allocation for 2020/2021 is R4.6 million.

The total budget for 2020/2021 financial year will amount to R4 028 billion from a total budget of **R4, 024 billion** in 2019/2020, showing a slight increase of 0.09 percent of R4 million and further increases to **R4, 224 billion** over the medium-term.

To this end, Honourable Speaker we are therefore proposing the aforesaid final budget to be approved by Council

I THANK YOU

1.2 COUNCIL RESOLUTIONS

A(2). FINANCIAL MANAGEMENT: FINAL 2020/2021–2022/2023 BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

The Executive Mayor, Councillor S P Mathonsi, presented the report to Council and indicated that Councillors had been briefed on the budget at the workshop held on 26 June 2020.

Councillor L Maseko pointed out that the agenda and annexures for the workshop mentioned by the Executive Mayor, had only been distributed on 26 June 2020, the same day as the workshop, which did not leave Councillors sufficient time to work through it. He enquired as to whether the budget was funded in terms of the estimated collection rate for municipal services to be rendered.

He lastly said that he would have liked to see some of the recommendations by the Municipal Public Accounts Committee to have been catered for in the budget.

Councillor S van der Merwe also mentioned the limited time that had been available for Councillors to prepare for the meeting, which did not allow for an engagement with the Executive Mayor on certain issues. She then made the following inputs, with the responses from the Executive Mayor indicated in brackets:

- Changes had to be made to the budget based on the recommendations by National Treasury as reflected in the last paragraph on page 5 of the report, but there was no indication of what that entailed. Clarity was needed on the key issues in that regard.

(The municipality worked hand in hand with National Treasury when compiling the budget. Should there be a need to review the budget during the financial year, it could be done via the Adjustments budget process.)

- With the information at hand, it seemed as though the budget was unfunded and that there would be a deficit for the 2020/2021 financial year.

(Based on the figures as set out in the report, there would be a surplus of R542 million on the 2020/2021 budget.)

- A shortfall is predicted in the cash-backed reserves/accumulated surpluses for the 2020/2021 financial year, which was a concern as it would have a negative impact on the municipality's cash flow situation and its ability to render services to the community.
- Another concern was the increase of R711 million (from the pre-audit figures) for revenue income, which was beyond what could be expected, as service charges made out 48% of operating revenue, which was a

risk in terms of the projected liquidity for operating activities, which in turn had an impact on the municipality's ability to render services and to maintain the ageing infrastructure.

- Has the possibility been investigated to ring fence the income generated from the rendering of water and electricity services for a certain period, to allow the municipality to service the accounts with the relevant suppliers, such as Eskom, in that regard?

(All the municipality's creditors have been categorised in the budget and the plan was to pay them off over the following years. No payment arrangement has been made with Eskom, as the account was being serviced on a monthly basis. An amount has also been set aside from the equitable share to deal with water challenges.)

- Were the Municipal Manager and managers reporting directly to the Municipal Manager (Senior Managers employed on a contract basis) included in the annual increase of 6.25% as reflected under employee related costs on page 12 of the report?

(No. Those employees did not form part of the collective agreement of the South African Local Government Bargaining Council for non-section 57 Employees)

- What percentage of the budget was allocated for repairs to and maintenance of the municipality's infrastructure?

(The information was provided in the report and annexures, being R170 million or 4.6% of the total budget.)

- Has a budget been prepared for the municipality's entities?

The Executive Mayor acknowledged that inadequate time had been available to Councillors to work through the agenda and annexures for the meeting, but pointed out that, with regard to the budget, it was not much different from the draft budget approved by Council on 29 April 2020. He indicated that time would be set aside to engage with all political parties on their concerns and reiterated that it had to be taken into consideration that the implementation of the budget entailed a process which could be reviewed in terms of the annual Adjustments Budget.

The Executive Mayor then informed Council that the Mayoral Committee requested a detailed presentation to be made to the Mayoral Caucus scheduled to take place on Thursday, 3 July 2020, pertaining to an allocation of R3 million towards the construction of poultry houses for co-operatives and small scale farmers over the medium term.

In addition, the Mayoral Committee requested that the internal Department of Water and Sanitation work together with the City Planning and Development Department, in relation to the drilling of boreholes for small scale farmers and a presentation in that regard also be made to the Mayoral Caucus mentioned above.

Councillor S van der Merwe thanked the Executive Mayor for the responses. She, however, raised a further concern with the fact that, during the 2018/2019 and 2019/2020 financial years, in terms of the pre-audit figures, the collection rate decreased by 12%, but that an increase of 28% was anticipated for the 2020/2021 financial year, against the expected contraction of the economy by 7.2%. She was of the view that it was an overly ambitious revenue projection which would result in the municipality not collecting enough monies for the envisaged service delivery projects. She lastly wanted to know whether National Treasury would act against Council should the latter not be able to meet the budgetary targets and terms set by them.

The Executive Mayor responded that the collection rate has been changed from 95% to 80%. Quarterly reports on the budget would be submitted to Council and should it be necessary to review the budget based on actual collection rates, National Treasury would be engaged as was done in the past.

The whip of the DA, Councillor T Marshall, requested that the DA's vote be recorded against the approval of the budget.

RESOLVED

THAT

- (a) Council take note of the contents of the report;
- (b) Council adopt the final medium-term revenue and expenditure framework (Budget) consisting of an operating and capital budget for the 2020/2021–2022/2023 financial years, as reflected in the below schedule:

MP326 City of Mbombela - Table A1 Budget Summary										
Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	-	466,134	631,719	642,360	642,360	642,360	548,250	680,902	721,756	765,061
Service charges	-	1,088,910	1,241,828	1,384,977	1,384,977	1,384,977	1,129,178	1,470,538	1,561,385	1,657,846
Investment revenue	-	8,581	7,383	6,329	6,329	6,329	4,168	6,329	6,962	7,658
Transfers recognised - operational	-	776,204	816,078	733,561	733,561	733,561	732,158	934,350	874,906	951,779
Other own revenue	-	138,129	148,868	97,340	306,504	306,504	88,404	121,374	128,657	136,376
Total Revenue (excluding capital transfers and contributions)	-	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	2,502,159	3,213,492	3,293,665	3,518,720
Employee costs	-	793,706	936,949	1,010,483	1,010,430	1,010,430	872,574	1,086,635	1,109,943	1,192,702
Remuneration of councillors	-	38,422	39,466	43,865	58,865	58,865	32,535	63,593	65,261	67,624
Depreciation & asset impairment	-	502,874	506,580	545,585	515,498	515,498	423,215	516,567	526,898	547,974
Finance charges	-	66,272	90,665	45,677	45,677	45,677	13,919	27,978	26,346	19,422
Materials and bulk purchases	-	753,528	796,644	893,674	793,158	793,158	689,994	903,798	909,016	980,038
Transfers and grants	-	31,912	40,205	32,670	6,490	6,490	5,081	2,080	1,320	1,320
Other expenditure	-	922,756	1,064,698	677,973	793,020	793,020	622,306	1,018,002	704,921	664,514
Total Expenditure	-	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	2,659,623	3,618,653	3,343,705	3,473,595
Surplus/(Deficit)	-	(631,512)	(629,333)	(385,360)	(149,408)	(149,408)	(157,464)	(405,161)	(50,040)	45,125
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	443,780	418,601	582,682	669,482	669,482	393,220	368,087	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	-	3,242	11,148	-	-	-	187	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	(184,490)	(199,583)	197,322	520,074	520,074	235,942	(37,074)	358,935	708,757
Share of surplus/ (deficit) or associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	(184,490)	(199,583)	197,322	520,074	520,074	235,942	(37,074)	358,935	708,757
Capital expenditure & funds sources										
Capital expenditure	-	100,123	153,181	682,362	774,543	774,543	399,875	410,444	466,975	750,432
Transfers recognised - capital	-	87,462	81,736	580,682	677,482	677,482	366,685	368,344	408,975	663,632
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	5,320	75,850	101,680	97,061	97,061	33,190	42,100	58,000	86,800
Total sources of capital funds	-	92,782	157,586	682,362	774,543	774,543	399,875	410,444	466,975	750,432
Financial position										
Total current assets	-	449,378	571,500	707,018	862,022	862,022	720,236	755,319	994,337	1,031,855
Total non current assets	-	7,567,820	7,543,170	7,880,130	7,972,311	7,972,311	7,519,874	7,630,828	7,649,859	7,933,016
Total current liabilities	-	1,733,242	2,087,429	989,855	1,098,105	1,098,105	2,000,147	1,109,415	1,410,780	1,312,172
Total non current liabilities	-	595,904	616,071	528,817	1,350,893	1,350,893	591,114	528,817	502,870	470,539
Community wealth/Equity	-	5,688,052	5,411,169	7,068,475	6,385,335	6,385,335	5,648,848	6,747,914	6,730,546	7,182,159
Cash flows										
Net cash from (used) operating	-	560,280	503,917	635,595	667,242	667,242	667,242	494,803	727,793	801,209
Net cash from (used) investing	-	(481,753)	(435,106)	(614,126)	(615,119)	(615,119)	(615,119)	(410,444)	(466,975)	(750,432)
Net cash from (used) financing	-	(8,489)	(36,663)	(29,971)	(29,971)	(29,971)	(29,971)	(17,515)	(18,407)	(19,410)
Cash/cash equivalents at the year end	-	93,903	126,051	86,698	148,202	148,202	148,202	215,047	457,458	488,825
Cash backing/surplus reconciliation										
Cash and investments available	-	111,284	126,051	86,698	148,202	148,202	139,291	215,047	457,458	488,825
Application of cash and investments	-	1,238,693	1,483,772	207,682	219,815	219,815	1,040,905	456,317	703,408	587,536
Balance - surplus (shortfall)	-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	(241,270)	(245,950)	(98,711)
Asset management										
Asset register summary (WDV)	-	6,343,684	6,469,294	7,880,130	7,972,311	7,972,311	7,972,311	7,630,828	7,649,859	7,933,016
Depreciation	-	502,874	506,580	545,585	515,498	515,498	515,498	516,567	526,898	547,974
Renewal and Upgrading of Existing Assets	-	29,299	32,419	223,557	333,448	333,448	333,448	105,000	118,075	462,770
Repairs and Maintenance	-	41,568	3,902	14,657	9,847	9,847	9,847	61,639	55,475	45,837
Free services										
Cost of Free Basic Services provided	-	153,887	162,070	170,079	170,079	170,079	178,557	178,557	185,839	193,396
Revenue cost of free services provided	-	418,532	482,215	269,690	269,690	269,690	288,454	288,454	305,007	319,031
Households below minimum service level										
Water:	-	37	37	37	37	37	37	37	37	37
Sanitation/sewage:	-	18	18	18	18	18	18	18	18	18
Energy:	-	-	16	16	16	16	16	16	16	16
Refuse:	-	142	142	142	142	142	142	142	142	142

(c) Council adopt the final operating project expenditure budgets for the 2020/2021–2022/2023 financial years, as per annexure 1262/2020 and summarised per municipal priority as tabulated below:

OPERATING PROJECTS-PER MUNICIPAL PRIORITY	Sum of 2020/2021 BUDGET	Sum of 2021/2022 ESTIMATE	Sum of 2022/2023 ESTIMATE
City Planning Development	R 22 665 000	R 19 518 500	R 17 713 425
Economic Development	R 5 000 000	R 4 500 000	R 3 825 000
Intergrated Human Settlement	R 17 665 000	R 15 018 500	R 13 888 425
Community Services	R 6 450 000	R 5 805 000	R 4 934 250
Community Development	R 5 850 000	R 5 265 000	R 4 475 250
Waste & Environmental Management	R 600 000	R 540 000	R 459 000
Corporate Services	R 6 256 380	R 5 630 742	R 4 786 131
Good Governance	R 6 256 380	R 5 630 742	R 4 786 131
Council	R 500 000	R 450 000	R 382 500
Good Governance	R 500 000	R 450 000	R 382 500
Deputy Municipal Manager	R 1 800 000	R 1 620 000	R 1 377 000
Waste & Environmental Management	R 1 800 000	R 1 620 000	R 1 377 000
Energy	R 9 919 112	R 7 127 201	R 6 058 121
Electricity Supply & Management	R 9 919 112	R 7 127 201	R 6 058 121
Financial Services	R 12 102 234	R 4 142 010	R 3 889 910
Good Governance	R 9 102 234	R 3 692 010	R 3 507 410
Revenue Enhancement	R 3 000 000	R 450 000	R 382 500
Public Safety	R 1 000 000	R 900 000	R 765 000
Public Safety	R 1 000 000	R 900 000	R 765 000
Public Works and Transport	R 55 432 766	R 55 539 490	R 49 641 665
Roads & Stormwater Management	R 55 432 766	R 55 539 490	R 49 641 665
Strategic Management Services	R 400 000	R 360 000	R 306 000
Good Governance	R 400 000	R 360 000	R 306 000
Water and Sanitation	R 48 000 000	R 7 200 000	R 6 120 000
Water Supply	R 48 000 000	R 7 200 000	R 6 120 000
Grand Total	R 164 525 492	R 108 292 943	R 95 974 002

- (d) Council adopt the final capital budget for the 2020/2021–2022/2023 financial years, detailed as per annexure 1261/2020 and summarised per municipal priority as tabulated below:

CAPITAL PROJECT -PER MUNICIPAL PRIORITY	Sum of BUDGET ESTIMATES 2020/2021	Sum of BUDGET ESTIMATES 2021/2022	Sum of BUDGET ESTIMATES 2022/2023
City Planning	R 4 600 000	R 5 000 000	R 3 500 000
Economic Development	R 4 600 000	R 5 000 000	R 3 500 000
Community Services	R 5 500 000	R 4 300 000	R 800 000
Community Development	R 5 500 000	R 4 300 000	R 800 000
Corporate Services	R 3 100 000	R -	R -
Good Governance	R 3 100 000	R -	R -
Energy	R 49 961 000	R 52 000 000	R 58 000 000
Electricity Supply and Management	R 49 961 000	R 52 000 000	R 58 000 000
Financial Services	R 4 000 000	R -	R -
Good Governance	R 4 000 000	R -	R -
Public Safety	R 1 000 000	R 1 700 000	R 2 000 000
Public Safety	R 1 000 000	R 1 700 000	R 2 000 000
Public Work Road and Transport	R 272 683 000	R 349 975 000	R 368 862 000
Community Development	R 30 750 000	R 31 500 000	R 15 000 000
Roads Infrastructure Development and Stormwater	R 206 283 000	R 296 475 000	R 318 862 000
Sanitation	R 10 000 000	R 10 000 000	R 10 000 000
Waste and Environment Management	R 650 000	R 5 000 000	R 15 000 000
Water Supply	R 25 000 000	R 7 000 000	R 10 000 000
Regional Centre Co-ordination	R 400 000	R -	R -
Good Governance	R 400 000	R -	R -
Water And Sanitation	R 69 200 000	R 54 000 000	R 317 270 000
Sanitation	R 17 000 000	R 10 000 000	R 28 500 000
Water Supply	R 52 200 000	R 44 000 000	R 288 770 000
Grand Total	R 410 444 000	R 466 975 000	R 750 432 000

(e) the final annual budget for the financial year 2020/2021, indicative allocations for the two projected outer years 2021/2022 and 2022/2023 and the multi-year and single year capital appropriations, as set out in the new budget and reporting regulations, as per annexure 1272/2020, be approved:

- (i) Budgeted Financial Performance (revenue and expenditure by standard classification)
- (ii) Budgeted Financial Performance (revenue and expenditure by municipal vote)
- (iii) Budgeted Financial Performance (revenue by source and expenditure by type)
- (iv) Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;

(f) the financial position, cash flow, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets, as set out in the new budget and reporting regulations in the following tables, as per annexure 1272/2020, be adopted:

- (i) Budgeted Financial Position

- (ii) Budgeted Cash Flows
- (iii) Cash backed reserves and accumulated surplus reconciliation
- (iv) Asset management
- (v) Basic service delivery measurement;
- (g) in terms of sections 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000 as amended and the Municipal Property Rates Act, 06 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates, as set out in the table below, that were used to prepare the estimates of revenue by source, be approved for implementation with effect from 1 July 2020:

Operating Revenue Assumptions					
Rates and Services Charges Tariffs Increase %:	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Property Rates	6.00%	6.00%	6.00%	6.00%	5.40%
Electricity	13.07%	6.22%	6.50%	6.50%	5.40%
Water	5.90%	6.00%	6.00%	6.00%	5.40%
Refuse Removal	5.90%	6.00%	6.00%	6.00%	5.40%
Sewerage	5.90%	6.00%	6.00%	6.00%	5.40%
Concession Area - Water and Sanitation	12.00%	9.88%	9.88%	9.88%	9.88%
Average Increase - Non-Concession Area	7.35%	6.04%	6.10%	6.10%	5.40%
Average Increase - Concession Area	9.24%	7.03%	7.10%	7.10%	6.52%
Sundry charges tariffs and fees	10.00%	8.50%	8.50%	8.50%	10.00%

1.3 EXECUTIVE SUMMARY

The 2020/2021 – 2022/2023 medium-term revenue and expenditure framework is prepared at a time where South Africa and the entire world is faced with global and domestic environment challenges as the global growth is at its lowest since the 2008 financial crisis hence the call by the President of South Africa for an incentive package and the implementation of the recovery plan in order to stimulate the economy. The stimulus package call responds to among others the recent technical recession and the overall high percentage of unemployment at 29 percent. This may be attributed to domestic constraints associated to political uncertainty and declining business and investor confidence.

The GDP growth rate is forecasted at 0.9 percent in 2020, 1.3 percent in 2021 and 1.6 percent in 2022. The downward revision takes into account the weaker investments outcomes in 2019, a more fragile recovery in household income and slower export demand than expected moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

South Africa's credit rating has also been downgraded to "junk" status during the 21 days national lockdown period as the country tries to contain the spread of the Covid 19 pandemic. The Ba1 status was based on the structurally weak growth and the deteriorating fiscal ability.

In addition to low growth, South Africa's biggest economic risk is Eskom. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. The corona virus –COVID 19 pandemic also highly impacts the economy causing a total shut down to local and international companies. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on the municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections.

The drought experienced by many municipalities in several provinces pose a significant risk while the impact is uncertain much depends on how long it will prevail, the extent to which specific catchment areas are affected and the success of mitigation measures and must consider its impact on revenue generation.

Although municipal finances are under pressure in many areas of the country as a result of the rising cost of delivering basic services and weak planning and controls, with poor management decisions leading to underinvestment and insufficient maintenance of infrastructure. Municipalities still has a role to play in turning around the economy through the resources allocated in the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, Social infrastructure improvement, enhancing of economic growth reforms and the discussion paper termed the Economic Transformation, support urgent matters of education and health by provinces, poverty and inequality challenges.

The number of municipalities that were assessed by National Treasury on municipal health measures and varied on the degrees of financial distress increased to 125 of the total of 257 municipalities, for the reported period as at 30 June 2018 in accordance with the State of Local Government Finances and Financial Management, 2018. Interventions measures has since been deployed to assist municipalities with customized turnaround strategies. The City

has also been implementing the approved turnaround strategy developed with the assistance of National Treasury.

The draft public procurement bill was developed with the intention to align public procurement regulations. The draft Bill for which public comments are currently sourced until 30 June 2020 proposes a single regulatory framework for procurement applicable to National, Provincial and Local government, as well as state owned entities. The Bill proposes the repeal of the Preferential Procurement Policy Framework Act of 2000 and thereby do away with its preferential point system. In its place, the Bill creates a more flexible preferential procurement regime and enabling the Minister of Finance, after consulting responsible Ministers, to prescribe a framework for preferential procurement. To advance economic opportunities for previously disadvantaged people, specific provision is made for women, the youth and people with disabilities, small businesses, locally produced goods, including local technology and its commercialization.

As the prospect of economic growth remains sluggish, the impact of this phenomena is that the municipality will not experience significant improvement on the revenue generation and collection hence a conservative approach is advised for projecting revenue on the medium-term revenue and expenditure framework. The implications of insignificant improvement on the municipal revenue is that there should be a reprioritization of the municipal programmes and elimination of non-priority spending or expenditure to ensure the core service delivery programmes are not adversely affected by this situation.

Vision 2030 Strategy and Integrated Development Plan (IDP)

In line with the National Development Plan, the municipality has developed a Vision 2030 strategy that would give effect to the integrated growth and development of the municipality. The Vision 2030 strategy provides a platform and framework for the desired future of the municipality and that will be achieved through the following four strategic objectives of the strategy;

- (a) To transform the spatial structure of the City.
- (b) To establish a competitive economic position.
- (c) To plan for, install, maintain and operate infrastructure, and provide services more efficiently and on a sustainable basis.
- (d) To lead, direct and manage spatial growth of the City robustly, enhance revenue generation and improve operational efficiency.

The future planning and development of the municipality will be guided by these four strategic objectives and the 2016 - 2021 electoral term of office. The Integrated Development Plan is responding to these strategic objectives. The following key municipal priorities have been identified to take the developmental agenda of the municipality forward;

- (a) Water supply
- (b) Road infrastructure development and storm water
- (c) Electricity supply and management
- (d) Integrated human settlement
- (e) Good governance and public participation

- (f) Sanitation
- (g) Community development
- (h) Rural development
- (i) Economic development
- (j) Waste and environment management
- (k) Financial viability and management
- (l) Public transport
- (m) Public Safety
- (n) 2010 legacy

The Integrated Development Plan as a developmental plan for the municipality will foster how effectively resources should be allocated and utilised. The budget should respond to these developmental agenda encompassed on the Integrated Development Plan and the following are the budget objectives;

- (a) To improve adherence to legislative, governance and institutional development framework.
- (b) To improve financial performance and sustainability over the long term.
- (c) To ensure the citizens of the municipality are provided with acceptable levels of services.
- (d) To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.
- (e) To achieve a clean audit outcome.
- (f) To enable local economic development initiatives and sustainable employment creation.
- (g) To ensure the smooth transition as a result of the amalgamation process in terms of reorganisation and restructuring of policies, processes and systems.

1.3.1 National priorities

National priorities- Expanding public sector investment infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority and the City need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Program (EPWP).

The outbreak of the coronavirus pandemic has affected the entire global community and the impact of such a virus will result in international economic crises. Many companies will shut down and come back again, many people will be left without jobs and there will be serious loss of income. The City must consider the effects of the pandemic and continue to invest more on projects that will require labour intensive method of production.

1.3.2 Micro environment factors – economic outlook

The South African economic growth outlook measured in terms of real Gross Domestic Product (GDP) in 2020 to 2024 .According to the 2020 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the target limits of South African Reserve Bank CPI of 3 - 6 percent band in 202/2021 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2023/2024 financial year;

The forecasted headline inflation for medium-term will be as follows;

2020/2021 - 2022/2123 MEDIUM TERM REVENUE AND EXPENDITURE ASSUMPTIONS					
Description	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Economic Outlook:					
Consumer Price Index (CPI) % Inflation	4.3%	4.5%	4.6%	4.6%	4.8%
Real Gross Domestic Product (GDP) %	1.5%	0.9%	1.3%	1.6%	2.1%
Annualised Nominal Price Rate Increase %	5.86%	5.44%	5.96%	6.27%	7.00%
Prime Lending Rate (Interest Rate)	10.25%	8.75%	7.25%	7.25%	7.25%
Repo Lending Rate	6.75%	5.25%	3.75%	3.75%	3.75%

1.3.3 Revenue enhancement assumptions

The City has appointed a service provider to fast track the implementation of the revenue enhancement projects and also a service provider to assist in developing an appropriate cost reflective structure on water and sanitation, refuse removal, and electricity tariffs to phase in the necessary tariff increase in a manner that will spread the impact on consumer over a period of time as prescribed in MFMA Circular 58.

The outbreak of the coronavirus pandemic is going to negatively affect the ability of the City to collect revenue. This will require the City to apply a conservative approach in budgeting so mas to ensure that revenue projections are realistic and achievable.

(a) Grants allocations

Due to the fiscal reprioritisation and reductions undertaken during the 2019 Medium Term Policy Statement (MTBPS) affected planned spending for 2020/2021 financial year. The substantial reduction has been applied to the most two largest conditional grants namely the Public Transport Network grant and the Municipal Infrastructure grant.

The Municipal Infrastructure Grant displays a decrease of 1 percent in 2020/2021 financial year an increase of 9 percent in 2021/2022 and 6 percent increase in 2022/2023 financial year. Public Transport Network Grant was taken away by the National Treasury putting more pressure on the City to source other funds so that the projects that were funded by the grant can be finalised to operationalize the entire integrated public transport function.

National Treasury has introduced the following reforms on the infrastructure conditional grants;

- (i) The introduction of the new urban infrastructure grant from 2019/2020. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2016.
- (ii) The refinement of grant allocation rules to encourage budgeting for routine maintenance this will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure, develop water conservation projects and maintain roads if certain conditions are met
- (iii) Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.
- (iv) A new municipal restructuring grant will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around the grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

The reforms on the local government conditional grants are introduced at the time when the municipality is struggling to keep up with the maintenance and refurbishment requirement of the infrastructure in the peri-urban and rural areas due to inadequate

financial resources and also where this social infrastructure is built there is absolutely no cost recovery or the social infrastructure built is not revenue generating in nature.

It is therefore recommended that the two Departments namely; Public Roads and Transport, and Water and Sanitation should undertake a process of ensuring the reforms aforementioned on the infrastructure grants are implemented in particular, the development of business plans for the routine maintenance and refurbishment of the social infrastructure located in the peri-urban and rural areas where there is absolutely no cost recovery. The business plans should be submitted to the respective transferring departments for approval during 2020/2021 financial year so that the approved projects for the routine maintenance can be implemented in 2021/2022 financial year.

The detailed Division of Revenue Act grants allocation over the medium-term has been approved as follows:

2020/2021 APPROVED GRANTS AND SUBSIDIES FOR CITY OF MBOMBELA			
CITY OF MBOMBELA	APPROVED BUDGET 2020/2021	APPROVED BUDGET 2021/2022	APPROVED BUDGET 2022/2023
OPERATING GRANT			
Equitable Share	R 927,606,000	R 872,206,000	R 948,979,000
Municipal Systems Improvement Grant (MSIG)	R -	R -	R -
Financial Management Grant (FMG)	R 2,500,000	R 2,700,000	R 2,800,000
Municipal Demarcation Transition Grant	R -	R -	R -
Electricity Demand Side Management	R -	R -	R -
Expanded Public Works Programme	R 4,244,000	R -	R -
TOTAL OPERATIONAL ALLOCATION	R 934,350,000	R 874,906,000	R 951,779,000
CAPITAL GRANTS			
Municipal Infrastructure Grant (MIG)	R 331,383,000	R 361,975,000	R 384,362,000
Electricity Demand Side Management	R 6,300,000	R 7,000,000	R 7,000,000
Neighbourhood Development Partnership Grant	R 2,500,000	R 10,000,000	R 10,000,000
Regional Bulk Infrastructure Grant	R -	R -	R 231,270,000
Integrated National Electrification Programme	R 27,904,000	R 30,000,000	R 31,000,000
TOTAL CAPITAL ALLOCATION	R 368,087,000	R 408,975,000	R 663,632,000
TOTAL ALLOCATION	R 1,302,437,000	R 1,283,881,000	R 1,615,411,000

The municipality will experience an increase above inflation on the equitable share by average of 10 percent throughout the medium term 2020/2021 to 2023/2024.

(b) Revising of rates, tariffs and other charges

The municipality need to strike a balance between ensuring it remains financial sustainable but also to ensure the tariffs increase are affordable to the ratepayers and

consumers of the services, and indigent households are able to access free basic services through the equitable share allocation.

According to the 2020 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the lower limits of South African Reserve Bank CPI of 3 – 6 percent target band in 2020/2021 financial year.

2020/2021 - 2022/2123 MEDIUM TERM REVENUE AND EXPENDITURE ASSUMPTIONS

Description	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Economic Outlook:					
Consumer Price Index (CPI) % Inflation	4.3%	4.5%	4.6%	4.6%	4.8%
Real Gross Domestic Product (GDP) %	1.5%	0.9%	1.3%	1.6%	2.1%
Annualised Nominal Price Rate Increase %	5.86%	5.44%	5.96%	6.27%	7.00%
Prime Lending Rate (Interest Rate)	10.25%	8.75%	7.25%	7.25%	7.25%
Repo Lending Rate	6.75%	5.25%	3.75%	3.75%	3.75%

The table above depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2024/2025 financial year;

The approved tariffs and fees for property rates, services and sundry charges for 2020/2021 and the medium-term will be as illustrated on the table below;

Operating Revenue Assumptions					
Rates and Services Charges Tariffs Increase %:	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Property Rates	6.00%	6.00%	6.00%	6.00%	5.40%
Electricity	13.07%	6.22%	6.50%	6.50%	5.40%
Water	5.90%	6.00%	6.00%	6.00%	5.40%
Refuse Removal	5.90%	6.00%	6.00%	6.00%	5.40%
Sewerage	5.90%	6.00%	6.00%	6.00%	5.40%
Concession Area - Water and Sanitation	12.00%	13.50%	13.50%	13.50%	13.50%
Average Increase - Non-Concession Area	7.35%	9.88%	9.88%	9.88%	5.40%
Average Increase - Concession Area	9.24%	7.93%	8.00%	8.00%	7.43%
Sundry charges tariffs and fees	10.00%	8.50%	8.50%	8.50%	10.00%

There will be a significant increase to the consumers during 2020/2021 financial year as the electricity tariffs are estimated to increase by 6.22 percent, as approved by the National Energy Regulator of South Africa (NERSA). The overall fees and tariffs for property rates, services will increase by an average 6 percent in 2020/2021 and sundry charges will increase by 8.5 percent for the next three years.

Sembcorp tariffs increase is determined in accordance with tariff model stipulated on the Service Agreement which takes the current consumer price indexes (CPI) per commodity plus a margin of 4.3 percent and other economic factors into account totaling to 13.5 percent.

The City is undertaking a process of remodeling of the cost and tariffs from the current financial year and over the next two financial years in the different functional areas such as electricity, water, sanitation, refuse removal and other critical services delivery functional areas to ensure the tariffs and fees charge for rendering such services is a true cost reflection.

(c) The ability of City to collect revenue (payment levels)

The estimated payment level trends for the current financial year and the forecast for the next medium-term is as follows;

Y'S PAYMENT RATE ASSUMPTION FOR THE 2020/2021 TO 2022/2023 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWO				
Description	2020/2021	2021/2022	2022/2023	
Collection on current accounts - Rates and Services charges	80%	90%	90%	

The collection rate in 2020/2021 is expected to be 80 percent due to the current cash flow situation and economic situation of the municipality and the country it is projected to stay the same in the outer years and will be adjusted as the economic conditions improves.

The City continues to enforce and implement credit control and debt collection measures in order to collect revenue due.

(d) Revenue enhancement strategy

The major challenge faced by the municipality is that the current revenue base is fully committed and therefore there is a need to first prevent revenue losses, secondly to explore the opportunities of increasing the revenue base and thirdly to explore new revenue streams.

The revenue enhancement strategy approved by the council on 31 May 2017 be implemented to focus on the revenue enhancement challenges mentioned above and dedicated resources be provided for the implementation of the strategy as the financial sustainability of the municipality rely solely on the successful implementation of the strategy.

The City is focusing on enhancing the revenue base as part of the revenue enhancement strategy.

1.3.4 Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 13 percent in 2020/2021 8 per cent in 2021/2022 and 4 percent in 2022/2023 with an exception of the key cost or expenditure drivers stated on the table below;

2020/2021 To 2022/2023 Operating Expenditure Assumptions For the City of Mbombela					
Operating Expenditure:	2019/2020	2020/2021	2021/2022	2020/2021	2021/2022
Employees Related Cost	7.70%	6.25%	7.00%	7.50%	6.65%
Councillors Remuneration	5.20%	5.00%	5.00%	5.00%	5.50%
Contracted Services	-15.00%	-0.86%	-15.00%	-15.00%	-10.00%
Bulk Purchases: Electricity	15.63%	6.90%	5.20%	8.90%	8.00%
Bulk Purchases: Water	7.40%	4.50%	4.60%	4.60%	4.80%
Other Materials	-12.00%	-7.00%	-10.00%	-10.00%	-8.00%
Transfers and Grants	7.20%	-59.00%	-10.00%	-10.00%	7.00%
Other Expenditure	-15.00%	-10.00%	-15.00%	-15.00%	-10.00%
Average Increase %	0.14%	-6.78%	-3.53%	-3.00%	0.49%

The key cost drivers on the operating expenditure is the employee related and electricity costs.

The key considerations on the operating expenditure are as follows;

- The Salary and Wage collective agreement for the period 01 July 2018 to 31 June 2021 has estimated the employees related cost expenditure for 2020/2021 at CPI plus 1.25 percent.
- A reduction of non-essential expenditure such as catering, use of consultants, travelling and subsistence, domestic accommodation, catering, financial sponsoring of non-government events, hiring of conference facilities for meetings and study tours must be in line with line with the municipal cost curtailment regulations, overtime must also be in line with the overtime management policy and strategy and be implemented as such etc.
- Minimize utilization of consultants or service providers where there is sufficient staff complement.
- Review of all supply chain management contracts in particular, the multiple extended contracts and renegotiate contract terms and conditions (deliverables and contract amounts).
- An operating surplus budget approach be adopted for 2020/2021 and subsequent financial years as a budget model that will ensure the municipality can start to building up cash reserves.

1.3.5 Capital expenditure guidelines and assumptions

The funding of the capital expenditure will be sourced from conditional grants allocations and internal funding. No new external loans (borrowings) will be sourced

during the medium-term. The funding of capital expenditure from internal generated funds would be minimised to the affordability level of the municipality.

1.3.6 Provision of free basic services to the indigent households

The Indigent Policy of the municipality as approved by Council on 28 February 2017 is still applicable and in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty.

The following assumptions were also taken into consideration towards the provision of free basic services;

- (a) Reducing the impact of poverty through free basic service provision.
- (b) Protecting the poor from the harsh economic realities.

The municipality will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R100 000 of the market value is a reduction on a residential category.
Free Basic Sewer	6kl per month

The City has allocated a total amount of R179 million in the 2020/2021 financial year for provision of free basic services. The free basic services will be provided in accordance with the equitable share formula by National Treasury.

1.3.7 Municipal Standard Chart of Accounts (MSCOA) implementation

In order to ensure the municipality complies with the Municipal Standard Chart of Accounts (MSCOA) Regulations which requires municipalities and municipal entities to comply with since on 01 July 2017, the municipality is now in phase three (3) on the implementation of the project which entails the seamless interface of sub-systems of other departments to the core system that have a bearing on the financial management sub-systems and the core system and this phase should be completed on 30 June 2020. The upgrade to MSCOA version 6.3 to 6.4 chart is released to be used for the compilation of the 2020/2021 Medium Term Revenue and Expenditure Framework.

1.4 OPERATING REVENUE FRAMEWORK

For City of Mbombela to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every City. The reality is that the City is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The City's revenue strategy is built around the following key components:

- (a) National Treasury's guidelines and macroeconomic policy;
- (b) Growth in the City and continued economic development;
- (c) Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges such as electricity, water, sewerage and refuse removal services;
- (d) Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- (e) Achievement of full cost recovery of specific user charges especially in relation to trading services;
- (f) Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- (g) The City's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- (h) Increase ability to extend new services and recover costs;
- (i) The City's Indigent Policy and rendering of free basic services; and
- (j) Tariff policies of the City.

The detailed final operating revenue and expenditure budget for 2020/2021 – 2022/2023 budget and medium-term revenue and expenditure framework is as follows;

MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	–	466,134	631,719	642,360	642,360	642,360	655,814	680,902	721,756	765,061
Service charges - electricity revenue	2	–	872,307	995,106	1,119,104	1,119,104	1,119,104	1,064,074	1,188,712	1,262,650	1,341,187
Service charges - water revenue	2	–	88,654	103,692	111,491	111,491	111,491	103,883	118,180	125,271	132,787
Service charges - sanitation revenue	2	–	27,222	21,873	23,826	23,826	23,826	22,505	25,255	26,771	28,377
Service charges - refuse revenue	2	–	100,727	121,157	130,556	130,556	130,556	130,180	138,390	146,693	155,495
Rental of facilities and equipment		–	9,878	11,676	8,464	8,464	8,464	5,902	8,972	9,510	10,080
Interest earned - external investments		–	8,581	7,383	6,329	6,329	6,329	5,041	6,329	6,962	7,658
Interest earned - outstanding debtors		–	42,909	27,028	27,345	37,345	37,345	43,765	39,586	41,961	44,478
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	6,629	10,321	8,099	8,099	8,099	2,900	8,585	9,100	9,646
Licences and permits		–	3,197	3,261	–	6,256	6,256	3,122	6,631	7,029	7,451
Agency services		–	38,796	42,317	–	192,000	192,000	34,961	–	–	–
Transfers and subsidies		–	776,204	816,078	733,561	734,634	734,634	732,222	934,350	874,906	951,779
Other revenue	2	–	36,720	54,264	53,432	54,340	54,340	49,092	57,601	61,057	64,720
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	2,477,958	2,845,876	2,864,567	3,074,804	3,074,804	2,853,461	3,213,492	3,293,665	3,518,720
Expenditure By Type											
Employee related costs	2	–	793,706	936,949	1,010,483	1,010,430	1,010,430	1,046,544	1,086,635	1,109,943	1,192,702
Remuneration of councillors		–	38,422	39,466	43,865	58,865	58,865	58,516	63,593	65,261	67,624
Debt impairment	3	–	160,305	192,920	106,974	99,023	99,023	220,066	430,288	228,314	242,291
Depreciation & asset impairment	2	–	502,874	506,580	545,585	515,498	515,498	507,857	516,567	526,898	547,974
Finance charges		–	66,272	90,665	45,677	45,677	45,677	50,276	27,978	26,346	19,422
Bulk purchases	2	–	706,812	746,300	839,462	805,175	805,175	730,098	863,137	873,701	949,241
Other materials	8	–	46,715	50,344	54,212	44,012	44,012	37,571	40,660	35,314	30,797
Contracted services		–	518,854	627,515	406,824	501,481	501,481	472,509	425,294	331,229	291,283
Transfers and subsidies		–	31,912	40,205	32,670	4,522	4,522	5,134	2,080	1,320	1,320
Other expenditure	4, 5	–	240,049	244,059	164,175	140,425	140,425	189,499	162,420	145,378	130,940
Losses		–	3,548	204	–	–	–	112	–	–	–
Total Expenditure		–	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,318,182	3,618,653	3,343,705	3,473,595
Surplus/(Deficit)		–	(631,512)	(629,333)	(385,360)	(150,305)	(150,305)	(464,721)	(405,161)	(50,040)	45,125
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	443,780	418,601	582,682	688,682	688,682	438,775	368,087	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	3,242	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	11,148	–	–	–	187	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757

The impact of the main operating expenditure drivers on the draft budget is follows as;

- The municipality will receive most of its revenue from services charge (electricity, water, sewerage and refuse removal services) amounting to R1 471 billion in 2020/2021 financial year indicating an increase of R86 million or 6.2 percent compared to R1 385 billion in 2019/2020 financial year and further increases to R1 658 billion over the medium-term. The revenue from services charges makes up 48 percent of the operating revenue budget.
- The revenue from property rates will increase by 6 percent or R39 million to an amount of R681 million in 2020/2021 financial year after taking into account income foregone

due to rates rebates in terms of the rates policies amounting to R72 million in 2020/2021 financial year. The budget for 2019/2020 financial year was R642 million and increases to R765 million over the medium-term. The property rates revenue contributes about 22 percent of the total operating revenue budget.

- (c) Service charges electricity revenue will increase by 6.22 percent as per the approval of the National Energy Regulator of South Africa. The projected amount for electricity will increase to R1 189 in 2020/2021 financial year from R1 119 billion from 2019/2020 financial year. Electricity revenue constitute 39 percent of the operating revenue and it is the highest contributor to the revenue stream of the City.
- (d) Service charge refuse removal revenue will increase by 6 percent to R138 million in 2020/2021 financial year from R131 million in 2019/2020 financial year. Refuse removal constitutes 4 percent of the overall operating revenue budget.
- (e) Service charge water revenue will increase by 6 percent to R118 million in 2020/2021 financial year from R111 million in 2019/2020 financial year. Water revenue contributes 4 percent of the total operating revenue budget.
- (f) Service charge sanitation revenue will increase to R25 million in 2020/2021 financial year from R24 million in 2019/2020 budget year. This therefore reflects an increase of 6 percent as outlined in the proposed tariff schedule.
- (g) Rental facilities revenue will increase to R9 million in 2020/2021 financial year from R8 million in 2019/2020 financial year. This therefore reflects an increase of 6 percent. Rental facilities constitutes less than 1 percent to the total operating revenue budget.
- (h) Interest earned on investment is projected to be R6 million which is the same as the budget for previous year. The City does not have surplus cash for investing and this projection is based on short-term investments from conditional grants savings.
- (i) Interest earned on outstanding debtors to increase by 6 percent as per the proposed tariff schedule to R42 million in 2020/2021 financial year to R40 million in 2019/2020 financial year. It constitutes above 1 percent to the total operating revenue budget.
- (j) Licenses and permits revenue to increase by 6 percent to R7 million in 2020/2021 from R6 million in 2019/2020.
- (k) Other revenue budget to increase to R58 million in 2020/2021 financial year from R54 million in 2019/2020 financial year. Other income constitutes only 2 percent of the overall total operating revenue budget.
- (l) Operating grants allocation comprising of Equitable share and other grants allocations will increase by 27 percent or R199 million to an amount of R934 million in 2020/2021 financial year compared to an amount of R735 million in 2019/2020 financial year and will increase to R952 million over the medium term. The operating grants contributes about 26 percent of the total operating revenue budget.

4.3 DETAILED FINAL OPERATING EXPENDITURE BUDGET

The detailed final operating expenditure budget for 2020/2021 - 2022/2023 budget and medium-term revenue and expenditure framework is as follows;

- (a) Debt impairment will increase by R331 million or 335 percent to R430 million in 2020/2021 financial year from a budget amount of R99 million in 2019/2020 budget amount of R99 this represents 13 percent of the total operating expenditure budget. The draft budget was prepared at 95 percent collection rate, due to the cash flow challenges experienced and also the outbreak of the covid-19 global pandemic which caused financial disruptions at a micro and macro levels – of the economy and the customers of the City are also affected by the impact of the Covid-19 disruption. The proposal is that the collection rate be reduced to 80 percent causing the provision for doubtful debts to increase from 5 percent to 20 percent.

The City will implement a three (3) months Covid-19 related payment holiday in this regard on property rates only, the details of the payment holiday is attached as **Annexure 1273/2020**. The payment relief on property rates will not include consumption of services e.g. Water, Electricity etc. The programme will be executed on terms and conditions as outlined in the Annexure.

The City will continue to implement its debt collection credit control policies in a way of collecting monies owed to the City for services rendered and all customers who qualify for free basic services will be included into the indigent register and the City will continue to monitor their economic status.

- (b) The employee related costs will amount to R1 087 billion in 2020/2021 financial year showing an increase of 7.54 percent compared to an amount of R1 010 billion in 2019/2020. The 7.54 percent constitutes of 6.25 percent annual salary increase as reflected in the municipal wage and salary agreement which is effective for the period from July 2018 to 30 June 2021, the vehicle/travelling allowances increase for senior managers, managers and other qualifying employees as per item A4 of 28 February 2020 as well as the co-funding stipend for the Expanded Public Works Programme. The total salary bill for the City amounts to 30 percent of the overall total operating expenditure budget in 2020/2021 and will increase to R1 193 in 2022/2023 financial year.
- (c) Councilor's remuneration will amount to R64 million in 2020/2021 financial year indicating a 5 percent increase compared to R61 million in 2019/2020 it will further increase to R65 million and R67 million respectively in 2021/2022 and 2022/2023. This constitutes 2 percent of the total operating expenditure budget.
- (d) The bulk purchase expenditure is expenditure primarily for the purchase of electricity from Eskom in 2020/2021 financial year will increase to R814 million due to an average increase of 6.90 percent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2020 from a budget of R761 million in 2019/2020 financial year. The bulk purchase expenditure on electricity makes up 23 percent of the total operating expenditure budget.

- (e) The Bulk water purchases will increase by 4.5 percent to R49 million in 2020/2021 financial year from an amount of R47 million in 2019/20 financial year.
- (f) Finance charges expenditure decreased from R46 million in 2019/2020 to R28 million in 2020/2021 reflecting a decrease of 39 percent. The City will continue to manage its cash flow and payment of its creditors to minimize future interest charges.
- (g) Other Materials expenditure to decrease by 7 percent to an amount of R41 million in 2020/2021 financial year from an amount of R44 million in 2019/2020. The City continues to cut costs in a way of raising revenue for the payment of outstanding creditors thus not hampering on critical service delivery projects.
- (h) The depreciation cost will be R517 million in 2020/2021 financial year showing an increase of 0.21 percent compared to amount of R515 in 2019/2020 financial year the depreciation cost makes up 14 percent of the total operating expenditure and is about 7 percent of the total assets carrying value of R7 631 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.
- (i) Contracted services will decrease by 0.86 percent or R4 million to R425 million in 2020/2021 financial year from an amount of R429 million in 2019/2020 in response to the call by National Treasury to reduce the cost of running the city using external service providers in non - specialised services than utilising our own labour force this accounts for 12 percent of the total operating expenditure budget this is still above the required norm of at least 5 percent by National Treasury in MFMA Circular 71.
- (j) Other Expenditure will decrease by 10 percent or 19 million to R162 million in 2020/2021 from R181 million to 164 million in 2019/2020 financial year which makes up 5 percent of the total operating budget it will further decrease to R132 million over the medium term the huge decrease is due to implementation of the cost curtailment measures applied in line with National Treasury directives.
- (k) The City has allocated an amount of R176 million in the 2020/2021 financial year for provision of free basic services. The free basic services will be provided in accordance with the criteria set on the indigent policy of the municipality.

Included on other expenditure items is IDP operating projects amounting to R164 million in 2020/2021 financial year and decrease to R96 million in 2022/2023 financial year. The breakdown of the total expenditure for operating projects per municipal priorities is as tabulated below, detailed list of operating projects is attached as **Annexure 1262/2020**;

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions once the new agreement is available (Labour), input costs of services provided by the City, local economic conditions and the affordability of services taking into consideration the City's indigent policy were taken into consideration.

There will be a insignificant decrease to the consumers during 2020/2021 as the electricity tariffs are estimated to increase to 6.22 percent from 13.07 percent in 2019/2020 as approval by National Energy Regulator of South Africa (NERSA).

SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the City's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a City are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP326 City of Mbombela - Supporting Table SA14 Household bills

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			323.50	344.20	344.20	344.20	344.20	6.0%	371.74	401.47	433.59
Electricity: Basic levy			—	—							
Electricity: Consumption			1,469.41	1,500.56	1,602.60	1,602.60	1,602.60	6.2%	1,762.86	1,889.78	2,078.76
Water: Basic levy			99.86	101.95	108.88	108.88	108.88	6.0%	117.60	127.00	137.16
Water: Consumption			465.41	501.72	528.31	528.31	528.31	6.0%	570.57	616.22	665.51
Sanitation			149.95	161.64	170.21	170.21	170.21	6.0%	183.82	198.53	214.41
Refuse removal			164.32	177.14	186.53	186.53	186.53	6.0%	201.45	217.56	234.97
Other			—	—	—	—	—	—			
sub-total		—	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
VAT on Services											
Total large household bill:		—	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
% increase/-decrease			—	4.3%	5.5%	—	—		9.1%	7.6%	9.1%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates			219.14	233.17	233.17	233.17	233.17	6.0%	251.82	271.97	293.73
Electricity: Basic levy			—	—							
Electricity: Consumption			635.47	648.81	692.93	692.93	692.93	6.2%	762.22	815.58	897.14
Water: Basic levy			99.86	101.95	107.36	107.36	107.36	6.0%	115.94	125.22	135.24
Water: Consumption			368.45	397.19	418.24	418.24	418.24	6.0%	451.70	487.84	526.87
Sanitation			149.95	161.64	170.21	170.21	170.21	6.0%	183.82	198.53	214.41
Refuse removal			110.03	118.62	124.90	124.90	124.90	6.0%	134.90	145.69	157.34
Other			—	—							
sub-total		—	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
VAT on Services											
Total small household bill:		—	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
% increase/-decrease			—	5.0%	5.1%	—	—		8.8%	7.6%	8.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates			114.18	126.87	134.48	134.48	134.48	6.0%	145.24	156.86	169.41
Electricity: Basic levy			—	—							
Electricity: Consumption			380.04	422.27	488.14	488.14	488.14	6.2%	536.95	574.54	631.99
Water: Basic levy			—	—				6.0%			
Water: Consumption			306.85	340.94	361.06	361.06	361.06	6.0%	389.94	421.14	454.83
Sanitation			237.02	263.36	278.90	278.90	278.90	6.0%	301.21	325.31	351.33
Refuse removal			179.09	198.99	210.73	210.73	210.73	6.0%	227.59	245.80	265.46
Other			—	—							
sub-total		—	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
VAT on Services											
Total small household bill:		—	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
% increase/-decrease			—	11.1%	8.9%	—	—		8.7%	7.7%	8.7%

1.5

Cost of Free Basic Services (Formal Settlement)

The City has an indigent register compiled in line with the approve indigent policy. The cost of free basic services for the poor people households within the municipal area is reflected below and this will be further worsened by the impact of the covid 19 pandemic. The latest survey reflected that the City has 130 000 poor house holds.

COST OF FREE BASIC SERVICES FOR THE CITY OF MBOMBELA				
COST OF FREE BASIC SERVICES	No of Poor Household	2020/2021	2021/2022	2022/2023
Water (kilolitres per household per month)	129,606	R 47,815,282	R 50,206,046	R 52,716,349
Sanitation (Rand per household per month)	129,606	R 23,907,641	R 25,103,023	R 26,358,174
Electricity (kwh per household per month)	129,606	R 87,367,405	R 91,735,775	R 96,322,564
Refuse (average litres per week)	129,606	R 16,466,442	R 17,289,764	R 18,154,253
Total will be		R175,556,770	R184,334,609	R193,551,339

Cost of Free Basic Services (informal Settlement)

Furthermore, the City provide free basic service to informal settlements while processes to formalize some of the areas is still underway. The table below provide cost of free basic services to informal settlements. The City has identified informal settlements that must be formalized accordingly and begin to generate revenue for rendering services.

COST OF FREE BASIC SERVICES (INFORMAL SETTLEMENT)					
COST OF FREE BASIC SERVICES	No of Informal Settlements	No of Poor Household	2020/2021	2021/2022	2022/2023
Water (kilolitres per household per month)	27	9479	R 30,000,000	R 27,000,000	R 22,950,000
Sanitation (Rand per household per month)	27	9479	R -	R -	R -
Electricity (kwh per household per month)	27	9479	R 40,000,000	R 36,000,000	R 32,400,000
Refuse (average litres per week)	27	9479	R 3,000,000	R 2,700,000	R 2,295,000
TOTAL COST			73,000,000	65,700,000	57,645,000

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

Repairs and Maintenance of Infrastructure

The table below reflect the final budget for repairs and maintenance per asset class for the medium term period.

MP326 City of Mbombela - Repairs and Maintenance			
Description	2020/21 Medium Term Revenue & Expenditure		
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand			
<i>Roads Infrastructure</i>	R 11,000,000	R 9,900,000	R 9,265,000
<i>Electrical Infrastructure</i>	R 11,809,112	R 10,628,201	R 9,033,971
<i>Water Supply Infrastructure</i>	R 68,500,000	R 25,650,000	R 21,802,500
<i>Sanitation Infrastructure</i>	R -	R -	R -
<i>Solid Waste Infrastructure</i>	R 22,000,000	R 19,800,000	R 16,830,000
<i>Rail Infrastructure</i>	R 33,962,766	R 30,566,490	R 24,664,615
<i>Coastal Infrastructure</i>	R -	R -	R -
<i>Information and Communication Infrastructure</i>	R 200,000	R 180,000	R 153,000
Infrastructure	R 147,471,878	R 96,724,691	R 81,749,086
Community Facilities	R 600,000	R 540,000	R 459,000
Sport and Recreation Facilities	R 900,000	R 810,000	R 688,500
Community Assets	R 1,500,000	R 1,350,000	R 1,147,500
Operational Buildings	R 12,100,000	R 10,540,000	R 8,984,000
Housing	R -	R -	R -
Other Assets	R 12,100,000	R 10,540,000	R 8,984,000
Machinery and Equipment	R 2,290,000	R 2,146,000	R 1,934,100
Transport Assets	R 12,027,000	R 10,824,300	R 9,200,655
Repairs and Maintenance by Asset Class	R 175,388,878	R 121,584,991	R 103,015,341

1.6 CAPITAL EXPENDITURE

The table below depicts a summary of the allocations per municipal priority on the capital expenditure budget;

The table below indicates the draft capital expenditure budget per municipal priority:

CAPITAL PROJECT -PER MUNICIPAL PRIORITY	Sum of BUDGET ESTIMATES 2020/2021	Sum of BUDGET ESTIMATES 2021/2022	Sum of BUDGET ESTIMATES 2022/2023
City Planning	R 4 600 000	R 5 000 000	R 3 500 000
Economic Development	R 4 600 000	R 5 000 000	R 3 500 000
Community Services	R 5 500 000	R 4 300 000	R 800 000
Community Development	R 5 500 000	R 4 300 000	R 800 000
Corporate Services	R 3 100 000	R -	R -
Good Governance	R 3 100 000	R -	R -
Energy	R 49 704 000	R 50 000 000	R 58 000 000
Electricity Supply and Management	R 49 704 000	R 50 000 000	R 58 000 000
Financial Services	R 2 000 000	R -	R -
Good Governance	R 2 000 000	R -	R -
Public Safety	R 1 000 000	R 1 700 000	R 2 000 000
Public Safety	R 1 000 000	R 1 700 000	R 2 000 000
Public Work Road and Transport	R 274 683 000	R 351 975 000	R 368 862 000
Community Development	R 30 750 000	R 31 500 000	R 15 000 000
Roads Infrastructure Development and Stormwater	R 208 283 000	R 298 475 000	R 318 862 000
Sanitation	R 10 000 000	R 10 000 000	R 10 000 000
Waste and Environment Management	R 650 000	R 5 000 000	R 15 000 000
Water Supply	R 25 000 000	R 7 000 000	R 10 000 000
Regional Centre Co-ordination	R 400 000	R -	R -
Good Governance	R 400 000	R -	R -
Water And Sanitation	R 69 200 000	R 54 000 000	R 317 270 000
Sanitation	R 17 000 000	R 10 000 000	R 28 500 000
Water Supply	R 52 200 000	R 44 000 000	R 288 770 000
Grand Total	R 410 187 000	R 466 975 000	R 750 432 000

The municipality will be spending in the next three years R1 533 billion (94 percent) of the total capital expenditure budget) on social infrastructure development to address backlogs and upgrading of the existing infrastructure in the following priority areas;

- (a) The allocation for Roads and storm water infrastructure over the medium-term will amount to R826 million and the allocation for 2020/2021 is R208 million as follows:
- ☐ Upgrade of gravel to interlocking paving within Umjindi areas is allocated R26 million over the medium term.
 - ☐ Construction of Salubindza bus route has been allocated R26 million over the medium term.
 - ☐ Construction of SandRiver Internal Streets is allocated an amount of R25 million over the medium term.
 - ☐ Legogote PT Facility is budgeted for R25 million over the medium term. Paving of road from Lungisani secondary school to Mdumiseni Primary school is allocated an amount of R23 million over the medium term.
 - ☐ Paving of Musa road in Makoko is allocated an amount of R23 million over the next three years.
 - ☐ Construction of Masinga to Entokozweni bus route is allocated R22 million over the medium term.

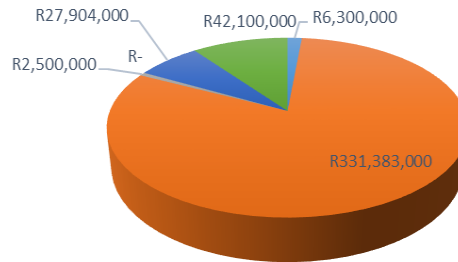
- Construction of Emjindini road extension 15-19 is allocated R21 million over the next three years. Upgrade of ka – PRO to Methodist church Street has an allocation of R16.5 million over the medium term.
 - Paving of ka-Mabuza Halfway via Matangaleni to Bhuga Cemetery is allocated R16 million over the medium term.
 - R15 million is allocated for the upgrading of Zamokuhle bus route over the medium term.
 - Construction of Alice to Gudlani road is allocated and amount of R13 million over the medium term. The rest of the projects are part of the detailed capital budget Annexure 1261/2020.
- (b) Bulk water and reticulation infrastructure budget allocation will amount to R427 million over the medium-term and the allocation for 2020/2021 is R77 million as follows:
- Nsikazi south water reticulation scheme is allocated an amount of R22 million over the medium term.
 - Nsikazi north water reticulation scheme also has an allocation of R22 million over the medium term.
 - Provision of Nsikazi South Bulk Water supply Scheme phase 2 (Electrical Mechanic works) has been allocated an amount of R15 million over the medium term.
 - The construction of the Karino/Nsikazi South Bulk Water supply Scheme phase 2 (OMO reservoir) remains a priority and an amount of R10 million is allocated.
 - Matsulu water treatment works and reticulation is allocated an amount of R17 million over the medium term.
 - Phumlani water scheme has been allocated an amount of R15 million over the medium term and Nsikazi north bulk water scheme is budgeted for R25 million in 2020/21 and amount of R231 million is allocated in the 2022/2023 financial year through the Regional Bulk Infrastructure grant, the rest of the projects are part of the detailed capital budget Annexure.
- (c) Electricity supply and management infrastructure allocation will amount to R160 million over the medium-term and the allocation for 2020/2021 is R50 million as follows:
- An amount of R29 million over the medium term is allocated for a 40 MVA sub- station (Waterworks) phase 4 at Umjindi.
 - R15 million is allocated for the installation of high mast-lights in various wards within the city over the medium term.
 - Retrofitting of existing public lighting fitting with new LED technology is allocated an amount of R20 million over the medium term.
 - The upgrade of bulk supply at Msholozzi (Mbombela) will continue with a budget of R19 million over the medium term.
 - Electrification of 1 144 household remains a priority in various wards within the city (Umjindi, Msholozzi, Matsafeni and Mlambongwane) is allocated R11 million in 2020/2021 financial year.
- (d) Sanitation and sewerage infrastructure allocation will amount to R86 million over the medium-term and the allocation for 2020/2021 is R27 million as follows.

- The construction of Entokozweni sewer reticulation remains a priority and has been allocated a budget of R30 million over the medium term.
 - Refurbishment and upgrade of Rocky's Drift WWTW (7.5ML) is allocated an amount of R20 million over the medium term.
 - Mhlume Sewer reticulation is allocated an amount of R16 million over the medium term. Refurbishment and upgrade of Northern Bulk outfall sewer is budgeted for R9 million in 2020/2021 financial year.
 - Refurbishment and upgrade of Telkom pump station receiving an amount of R2 million in 2020/2021 financial year.
- (e) Waste and environment management is allocated R21 million over the medium term and the allocation for 2020/2021 is R650 thousand for the ablution facilities.
- (f) Economic Development infrastructure is allocated an amount of R13 million over the medium term and the allocation for 2020/2021 is R4.6 million as follows:
- Construction of Job Linkage center in ward 43 is allocated R5.6 million over the medium term.
 - Construction of Poultry houses for co-operatives and small scales farmers is allocated R3 million over the medium term. R1.5 million is allocated for the Refurbishment of Abattoir for rural co-operatives.
 - R3 million is allocated for the drilling of boreholes for small scales farmers.

The table below summarizes the draft capital expenditure budget per funding source:

2020/2021 - 2022/2023 DRAFT CAPITAL BUDGET FOR THE CITY OF MBOMBELA			
DESCRIPTION	2020/2021 Estimates	2021/2022 Forecast	2022/2023 Forecast
Grant - Demand Side Management Grant	R 6,300,000	R 7,000,000	R 7,000,000
Grant - Municipal Infrastructure Grant	R 331,383,000	R 361,975,000	R 384,362,000
Grant - Neighbourhood Development Programme Grant	R 2,500,000	R 10,000,000	R 10,000,000
Grant - Regional Bulk Water Infrastructure Grant	R -	R -	R 231,270,000
Grant - Intergrated national Electrification Programme Grant	R 27,904,000	R 30,000,000	R 31,000,000
Internal Funding	R 42,100,000	R 58,000,000	R 86,800,000
Total Capital Budget	R 410,187,000	R 466,975,000	R 750,432,000

2021 DRFAT CAPITAL BUDGET



- Grant - Demand Side Management Grant
- Grant - Municipal Infrastructure Grant
- Grant - Neighbourhood Development Programme Grant
- Grant - Regional Bulk Water Infrastructure Grant
- Grant - Integrated national Electrification Programme Grant
- Internal Funding

2020/2021 TO 2022/2023 DRAFT CAPITAL BUDGET FOR THE CITY OF MBOMBELA LOCAL MUNICIPALITY

DEPARTMENT	PROJECT DESCRIPTION	SOURCE OF FUNDING	MUNICIPAL PRIORITY	LOCATION	WARD	BUDGET ESTIMATES 2020/2021	BUDGET ESTIMATES 2021/2022	BUDGET ESTIMATES 2022/2023
Energy	Retrofitting of existing public lighting fittings with new LED technology.	Grant - Energy Efficiency and Demand Side Management	Electricity Supply and Management	Umjindi	41,42,43,44,45	R 6,300,000	R 7,000,000	R 7,000,000
Sub - Total Energy and Demand Side Management						R 6,300,000	R 7,000,000	R 7,000,000
Energy	Ext 17 Switching Station	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Umjindi Ext 17	41,42,43,44,45	R -	R 2,500,000	R 2,500,000
Energy	132kv/122/11 40mva	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Umjindi	41,42,43,44,45	R -	R -	R -
Energy	132kv Msholoz (Mbombela) Bulk Supply	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Msholoz	14	R 7,572,200	R 5,800,000	R 6,000,000
Energy	Electrification of Emjindini Trust (Umjindini) (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Emjindini Trust	41	R 1,700,000	R 1,700,000	R 1,700,000
Energy	Electrification Ext 17 (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Umjindi Ext 17	45	R 1,094,550	R 1,250,000	R 1,100,000
Energy	Electrification of Msholoz (350 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Msholoz	14	R 1,417,149	R 1,700,000	R 1,700,000
Energy	Electrification of Mmbongwane (250 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Mmbongwane	43	R 1,681,301	R 1,200,000	R 1,200,000
Energy	40 MVA Sub-station (Waterworks) phase 4 uMjindi	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Barberton	45	R 9,000,000	R 9,900,000	R 10,000,000
Energy	Electrification Thekwane South (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Thekwane South	18	R -	R 1,000,000	R 1,700,000
Energy	Electrification Noordkaap (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Noordkaap	43	R -	R 1,700,000	R 1,700,000
Energy	Electrification of Madubula (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Madubula	43	R -	R 1,250,000	R 1,700,000
Energy	Electrification of Matsafeni (300 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Matsafeni	14	R 5,100,000	R 1,700,000	R 1,700,000
Energy	Mbombela Infills - 44 Households	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Sheba Siding	43	R 338,800	R 300,000	R -
Sub - Total Integrated National Electrification Programme						R 27,904,000	R 30,000,000	R 31,000,000
Public Work Road and Transport	Construction of Jerusalem community hall	Grant - Municipal Infrastructure Grant	Community Development	Jerusalem	8	R 3,550,000	R 6,000,000	R 4,000,000
Public Work Road and Transport	Construction of Jericho Pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Jericho	23	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Mganduzweni pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mganduzweni	9	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Sibhulo pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Gutshwa	31	R 3,500,000	R 4,000,000	R -

Public Work Road and Transport	Construction of Pedestrian Bridges in Wards 5 Bhekiswayo	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Bhekiswayo	5	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Nyongane/RDP Section pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nyongane	39	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Shabalala Pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Shabalala	1	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of a Pedestrian Bridge in Siligane	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Siligane	35	R 3,500,000	R 4,000,000	
Public Work Road and Transport	Construction of SandRiver Internal Streets (Storm Water Management)	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Sandriver	25	R 7,000,000	R 8,000,000	R 10,000,000
Public Work Road and Transport	Entokozweni Sewer Reticulation	Grant - Municipal Infrastructure Grant	Sanitation	Entokozweni	18	R 10,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Masoyi Sports facilities	Grant - Municipal Infrastructure Grant	Community Development	Masoyi	6	R 5,000,000	R 8,000,000	R 8,000,000
Public Work Road and Transport	Upgrade of gravel roads to interlocking paving within Umjindi areas	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Umjindi	41, 42, 43, 44 & 45	R 8,000,000	R 8,000,000	R 10,000,000
Public Work Road and Transport	Main road bus stop1 to Masinga-Ntokozweni road upgrade - Phase 2	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	22	R 7,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Mountainview road upgrade	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mountain View	27	R 5,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Construction of Zwelisha Bermuda road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Zwelisha	4	R 6,000,000	R 10,000,000	R -
Public Work Road and Transport	Paving of road from Lungisani Secondary School to Mtumiseni Primary School	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Chochocho	7	R 8,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Paving of road from Clau- Clau Clinic via Mhwayi primary school to Mbalekelwa station (link to Gwalava road)	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Clau- Clau	10	R 5,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Paving of road from Shabangu street- Clau-Clau Clinic, Mgyabaratsane bus route via Ngobeni road & Vilakazi road via Magamusini to Mwayi supermarket	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Clau Clau	11	R 5,000,000	R 10,000,000	R 8,000,000
Public Work Road and Transport	Paving of Dwaleni (Sincobile) Cemetery to the new cemetery	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Dwaleni	32	R 7,000,000	R 10,000,000	R -
Public Work Road and Transport	Paving of kaMabaza Halfway via Matangaleni to Bhuga Cemetery	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Halfway	35	R 7,000,000	R 5,000,000	R 4,000,000
Public Work Road and Transport	Elevation of the vehicle bridge and construction of a footbridge on the road linking Ext.11 and Ext.12	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Emjindini Ext 11 & 12	45	R 7,000,000	R 8,000,000	R 600,000
Public Work Road and Transport	Paving of Inyoka Coner street -Thulane	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Thulane	13	R 6,000,000	R 4,000,000	R -
Public Work Road and Transport	Paving of Tsila to Thithi road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	29	R 6,000,000	R 8,000,000	R -
Public Work Road and Transport	Salubindza bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Salubindza	5	R 7,000,000	R 9,000,000	R 10,000,000
Public Work Road and Transport	MamRuby to Zwane market Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2	R 6,000,000	R 5,000,000	R -
Public Work Road and Transport	Nkomeni to Woboka bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2	R 6,500,000	R 10,000,000	R -
Public Work Road and Transport	Nkomeni to Thembisa bus Route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2, 24	R 6,500,000	R 9,500,000	R -
Public Work Road and Transport	Alice Gudlani bus Route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2	R 7,183,000	R 6,000,000	R -
Public Work Road and Transport	Upgrading of Nkambule to Mkhayi bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Pienaar	22	R 7,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Zamokuhle bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Pienaar	22	R 6,500,000	R 8,000,000	
Public Work Road and Transport	Numbi ring road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Numbi	39	R 6,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Construction of Mbonisweni Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Mbonisweni	38	R 6,000,000	R 2,000,000	R -
Public Work Road and Transport	Construction of Numbi Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Numbi	39	R 5,500,000	R 2,000,000	R -
Public Work Road and Transport	Construction of Chweni Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Chweni	34	R 4,000,000	R 6,000,000	R -
Public Work Road and Transport	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Mechanical and Electrical Works)	Grant - Municipal Infrastructure Grant	Water Supply	Karino/Thekwane South	2, 4, 18, 19, 20, 21, 22, 23, 24, 26, 29 & 40	R 15,000,000	R -	R -
Public Work Road and Transport	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (OMO Reservoir bulk water supply)	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi South	10, 11, 31, 32, 33, 34, 35, 36, 37 & 38	R 10,000,000	R 5,000,000	R -
Water And Sanitation	Nsikazi North Water Reticulation Scheme	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi North	1, 3, 5, 6, 7, 8, 9, 25, 39	R 8,000,000	R 8,000,000	R 6,000,000
Water And Sanitation	Nsikazi South water reticulation scheme	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi South	2, 4, 22, 26, 33 & 40	R 8,000,000	R 8,000,000	R 6,000,000
Water And Sanitation	Phumlani Water Scheme	Grant - Municipal Infrastructure Grant	Water Supply	Phumlani	14	R 10,000,000	R 5,000,000	R -
Water And Sanitation	Matsulu WTW	Grant - Municipal Infrastructure Grant	Water Supply	Matsulu	13, 27, 28	R 100,000	R 5,000,000	R -

Water And Sanitation	Nsikazi North bulk Water	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi North	1, 3, 5, 6, 7, 8, 9, 25 & 39	R 15,000,000	R -	R -
Water And Sanitation	Refurbishment and Upgrade (7.5 ML) of Rocky's Drift WWTW	Grant - Municipal Infrastructure Grant	Sanitation	Rocky's Drift	14	R 5,000,000	R 5,000,000	R 10,000,000
Water And Sanitation	White River Complex Reservoir 3 ML	Grant - Municipal Infrastructure Grant	Water Supply	White River	30	R 3,000,000	R -	R -
Water And Sanitation	Upgrade & Refurbish Northern Bulk Outfall Sewer	Grant - Municipal Infrastructure Grant	Sanitation	Umjindi	45	R 9,000,000		
Water And Sanitation	Mhlume Sewer Reticulation	Grant - Municipal Infrastructure Grant	Sanitation	Kanyamazane Mhlume	21	R 1,000,000	R 5,000,000	R 10,000,000
Public Work Road and Transport	Umjindi solid waste disposal site	Grant - Municipal Infrastructure Grant	Waste and Environment Management	Umjindi	44	R 650,000	R 5,000,000	R 15,000,000
Public Work Road and Transport	Matsulu Water Reticulation	Grant - Municipal Infrastructure Grant	Water Supply	Matsulu	27	R -	R 2,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Matsulu stadium phase 2	Grant - Municipal Infrastructure Grant	Community Development	Matsulu	28	R 3,000,000	R -	R -
Public Work Road and Transport	TV Mashonami pedestrian bridge	Grant - Municipal Infrastructure Grant	Community Development	TV Nkomeni	11	R 200,000	R 3,500,000	R 3,000,000
Public Work Road and Transport	Khulani primary foot bridge (emaswazini)	Grant - Municipal Infrastructure Grant	Community Development	Jenusalem	8	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Upgrading of Umnyama street	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Tekatakho	32	R 6,500,000	R 1,000,000	R 5,000,000
Public Work Road and Transport	Construction of Esidungeni Vehicle bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Luphisi	24	R -	R 500,000	R 8,500,000
Public Work Road and Transport	Upgrading of Masoyi Police station to Dingindoda road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Masoyi	6	R -	R 500,000	R 8,000,000
Public Work Road and Transport	Upgrading of Pennywhistle and Swan street-Kanyamazane	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Kanyamazane	20	R 500,000	R 500,000	R 10,000,000
Public Work Road and Transport	Upgrading of Mamindza Vehicle bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	26	R 200,000	R 5,000,000	R 6,000,000
Public Work Road and Transport	Upgrading of Chakaza school Via Slinda road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Chakaza school	36	R -	R 875,000	R 10,000,000
Public Work Road and Transport	Malekutu to Khumbula pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Malekutu	37	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Dindela and spearville pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Spearville	44	R 700,000	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of Sakhele café road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Malekutu	37	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Newscom to Lindani pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mganduzweni	8	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Paving of Musa road in Makoko	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Makoko	34	R 6,000,000	R 8,300,000	R 8,300,000
Public Work Road and Transport	Upgrading of Mhlambanyatsi Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mahushu	3	R -	R 700,000	R 12,000,000
Public Work Road and Transport	Upgrading of Mzamani Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Kanyamazane	21	R 700,000	R 700,000	R 10,000,000
Public Work Road and Transport	Paving of Mandla phone to Mazambane road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	29	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of Road from Khekhe to Provincial Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Daantjie	23	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of road from Marobotini to Gedlembani	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Lehawi	40	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of Mlambongwane road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mlambongwane	43	R 700,000	R 700,000	R 10,000,000
Public Work Road and Transport	Pholani School to Maseko Bus Route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Daantjie	23	R 2,500,000	R 5,000,000	R 10,000,000

Public Work Road and Transport	Construction of Msholozhi Pedestrian Bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msholozhi	14	R 200,000	R 2,500,000	R 15,000,000
Public Work Road and Transport	Upgrading of OR Tambo road at Msholozhi	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msholozhi	14	R 200,000	R 5,000,000	R 13,400,000
Public Work Road and Transport	Upgrading of Violet street- Ward 13	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Matsulu	13	R 200,000	R 4,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of KaPro to Methodist Church Street	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Kamaporo	33	R 6,500,000	R 3,000,000	R 4,000,000
Energy	Installation of Highmast in various wards	Grant - Municipal Infrastructure Grant	Electricity Supply and Management	All	All	R 9,500,000	R 3,000,000	R -
Public Work Road and Transport	Paving of Lixoxo road - ward 19	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Karyamazane	19	R 200,000	R 1,300,000	R 300,000
Public Work Road and Transport	Paving of Emini- Muggies street- ward 19	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Karyamazane	19	R 200,000	R 1,300,000	R 300,000
Public Work Road and Transport	Paving of Mkasi to Clinic road - ward 31	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Gutshwa	31	R 200,000	R 1,300,000	R 300,000
Public Work Road and Transport	Construction of foot bridge - ward 41	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	kaMadakwa Ndlouvu	41	R 200,000	R 1,300,000	R 300,000
Public Work Road and Transport	Paving of Mbonisweni clinic road - ward 38	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mbonisweni	38	R 200,000	R 1,300,000	R 300,000
City Planning	Construction of Job Linkage center - 43	Grant - Municipal Infrastructure Grant	Economic Development	Barberton	43	R 2,100,000	R 2,500,000	R 1,000,000
Public Work Road and Transport	Upgrade of road P-10 R40 to Umjindi CBD	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Umjindi Ext 15-19	41-45	R 2,000,000	R 1,000,000	R 1,000,000
City Planning	Construction of Poultry Houses for Rural Co-operatives & Small-scale Farmers	Grant - Municipal Infrastructure Grant	Economic Development	Gutshwa; Chweni; Mashonamini & Clau Clau	31; 34; 11 & 10	R 1,000,000	R 1,000,000	R 1,000,000
City Planning	Refurbishment of Abattoir for Rural Co-operatives & Small-scale Farmers	Grant - Municipal Infrastructure Grant	Economic Development	Dwaleni	32	R 500,000	R 500,000	R 500,000
City Planning	Drilling of Boreholes for Rural Co-operatives & Small-scale Farmers	Grant - Municipal Infrastructure Grant	Economic Development	Gutshwa; Makoko; Msogwaba; Matsulu & Emjindini Trust	31; 34; 22; 28; 41;	R 1,000,000	R 1,000,000	R 1,000,000
Public Work Road and Transport	Construction of vehicle bridge - ward 22	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	22	R 200,000	R 1,300,000	R 300,000
Public Work Road and Transport	Construction of Nkululeko circuit road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Matsulu	27	R 2,500,000	R 6,000,000	R 3,262,000
Sub - Total Municipal Infrastructure Grant						R331,383,000	R361,975,000	R 384,362,000
Public Work Road and Transport	Expansion of Chris Hani Road	Grant - Neighbourhood Development Programme Grant	Roads Infrastructure Development and Stormwater	Kabokweni, Plaston and	11,32,33,36,38,40	R 2,500,000	R 10,000,000	R 10,000,000
Sub - Total Neighbourhood Development Programme						R 2,500,000	R 10,000,000	R 10,000,000
Water And Sanitation	Nsikazi North Bulk Water Supply Phase 2	Grant-Regional Bulk Infrastructure Grant	Water Supply	Northern Region	1,39,5,6,7,9,8,35,37	R -	R -	R 231,270,000
Sub - Total Regional Bulk Water Infrastructure Grant						R -	R -	R 231,270,000
Corporate Services	New/Upg Server & Network Infrastructure	Internal Funding	Good Governance	Institutional	Institutional	R 1,500,000	R -	R -
Corporate Services	New / Upgrade End User Equipment	Internal Funding	Good Governance	Institutional	Institutional	R 1,600,000	R -	R -
Financial Services	Furniture And Equipment	Internal Funding	Good Governance	Institutional	Institutional	R 2,000,000	R -	R -
Public Work Road And Transport	Umjindi Ext 15 - 19 (Internal services)	Internal Funding	Roads Infrastructure Development and Stormwater	Umjindi Ext 15-19	41, 42,43, 44,45	R 7,000,000	R 14,000,000	R -
Water And Sanitation	Refurbishment of Saddleback Tunnel	Internal Funding	Water Supply	Barberton	42	R 3,500,000	R -	R -
Water And Sanitation	Refurbishment And Upgrade Of Telkom Pump Station And Hazyview WWTW	Internal Funding	Sanitation	Hazyview	1	R 2,000,000	R -	R -
Water And Sanitation	Additional 3.5 ML Reservoir in Hazyview	Internal Funding	Water Supply	Hazyview	1	R 2,500,000	R 7,000,000	R -

Water And Sanitation	Kamadakwa Water House Connections	Internal Funding	Water Supply	Kamadakwa	41	R 100,000		R -
Water And Sanitation	Verulam Sewer Connections	Internal Funding	Water Supply	Verulam	43	R 1,000,000	R 1,000,000	R 1,500,000
Water And Sanitation	Country Estate, Whiteriver package plant	Internal Funding	Water Supply	Country Estate	8	R 1,000,000	R 2,500,000	R 4,000,000
Water And Sanitation	Procurement of Plant and Equipment	Internal Funding	Water Supply	Institutional	Institutional	R -	R 5,000,000	R 10,000,000
Water And Sanitation	Refurbishment of Kanyamazane WTW	Internal Funding	Water Supply	Eastern & Central region	19	R -	R 2,500,000	R 3,000,000
Water And Sanitation	Site establishments, Drilling boreholes, refurbishing boreholes	Internal Funding	Water Supply	Institutional	1,4,14,35,37,32,34	R -	R -	R 3,500,000
Water And Sanitation	Augmentation Schemes, Connections to Storage Tanks & Networks Extensions	Internal Funding	Water Supply	Institutional	Institutional	R -	R -	R 5,000,000
Water And Sanitation	Refurbishment and Upgrade of Telkom Pump Station and Hazzyview WWTW	Internal Funding	Sanitation	Hazzyview	1	R -	R -	R 2,500,000
Water And Sanitation	Refurbishment of Kanyamazane WTW	Internal Funding	Water Supply	Kanyamazane	18	R -	R -	R 3,000,000
Water And Sanitation	Refurbishment of White River Water Treatment Works	Internal Funding	Water Supply	White River	30	R -	R -	R 4,000,000
Water And Sanitation	Refurbishment of White River Waste Water Treatment Works	Internal Funding	Sanitation	White River	30	R -	R -	R 4,000,000
Water And Sanitation	Pipe Replacement (AC, Steel etc..)	Internal Funding	Water Supply	White River, Kabokweni,	1,30,33,42,	R -	R -	R 2,000,000
Water And Sanitation	Upgrade of Outfall Sewer Lines (Crocodile Farm)	Internal Funding	Sanitation	Barberton	42	R -	R -	R 1,000,000
Water And Sanitation	Refurbishment Rimers Water Treatment Works	Internal Funding	Water Supply	Barberton	42	R -	R -	R 500,000
Water And Sanitation	Refurbishment of Suidkaap Water Treatment Works	Internal Funding	Water Supply	Barberton	42	R -	R -	R 3,000,000
Water And Sanitation	Fencing of Reservoirs	Internal Funding	Water Supply	Institutional	Institutional	R -	R -	R 4,000,000
Water And Sanitation	Implementation of Rural Sanitation	Internal Funding	Sanitation	Institutional	All Wards	R -	R -	R 500,000
Water And Sanitation	White River Nootgedaght Reservoir	Internal Funding	Water Supply	White River	30	R -	R -	R 500,000
Water And Sanitation	Investigation of Bulk Water Storage (Dam) in Mbombela, Barberton	Internal Funding	Water Supply	Institutional	Barberton; Mbombela	R -	R -	R 1,000,000
Water And Sanitation	White River Colts Hill Outfall Sewer	Internal Funding	Sanitation	White River	30	R -	R -	R 500,000
Water And Sanitation	White River Augmentation Scheme (Pumps & reservoirs upgrade)	Internal Funding	Water Supply	White River	30	R -	R -	R 500,000
Energy	Procurement of Fleet (8 LDV's & Cherry Picker)	Internal Funding	Electricity Supply and Management	Mbombela	Institutional	R 4,000,000	R -	R 2,000,000
Energy	Procurement of Crane Truck	Internal Funding	Electricity Supply and Management	Mbombela	12,14,15,16,17	R 2,000,000	R -	R 1,500,000
Energy	132/11kv Montana 2x20mva sub (cr)	Internal Funding	Electricity Supply and Management	Mbombela	12, 14, 15, 16, 17	R -	R -	R 500,000
Energy	Construction of 132 KV line : Matsafeni - Marathon link	Internal Funding	Electricity Supply and Management	Matsafeni	14	R -	R 10,000,000	R 16,000,000
Public Work Road And Transport	Legogote PT Facility	Internal Funding	Roads Infrastructure Development and Stormwater	Legogote	8	R 5,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Construction of Esidungeni Vehicle bridge	Internal Funding	Roads Infrastructure Development and Stormwater	Luphisi	24	R 200,000		
Public Work Road and Transport	Upgrading of Masoyi Police station to Dingindoda road	Internal Funding	Roads Infrastructure Development and Stormwater	Masoyi	6	R 200,000		
Public Work Road and Transport	Upgrading of Chakaza school Via Slinda road	Internal Funding	Roads Infrastructure Development and Stormwater	Chakaza school	36	R 200,000		
Public Work Road and Transport	Malekutu to Khumbula pedestrian bridge	Internal Funding	Roads Infrastructure Development and Stormwater	Malekutu	37	R 200,000		
Public Work Road and Transport	Upgrading of Sakhele café road	Internal Funding	Roads Infrastructure Development and Stormwater	Malekutu	37	R 200,000		
Public Work Road and Transport	Newscom to Lindani pedestrian bridge	Internal Funding	Roads Infrastructure Development and Stormwater	Mganduzweni	8	R 200,000		

Public Work Road and Transport	Upgrading of Mhlambanyatsi Road	Internal Funding	Roads Infrastructure Development and Stormwater	Mahushu	3	R 200,000		
Public Work Road and Transport	Paving of Mandla phone to Mazambane road	Internal Funding	Roads Infrastructure Development and Stormwater	Msogwaba	29	R 200,000		
Public Work Road and Transport	Upgrading of Road from Khekhe to Provincial Road	Internal Funding	Roads Infrastructure Development and Stormwater	Daantjie	23	R 200,000		
Public Work Road and Transport	Upgrading of road from Marobotini to Gedlembani	Internal Funding	Roads Infrastructure Development and Stormwater	Lehau	40	R 200,000		
Regional Centre Co-ordination	Installation of Aircons (CR)	Internal Funding	Good Governance	institutional	institutional	R 400,000	R -	R -
Community Services	Establishment of Thekwane Cemetery	Internal Funding	Community Development	Thekwane South	18	R 2,000,000		
Public Safety	Purchase of 2 Jaws of Life	Internal Funding	Public Safety	Institutional	Institutional	R 1,000,000	R 1,700,000	R 2,000,000
Community Services	Fencing of Thekwane Cemetery	Internal Funding	Community Development	Thekwane South	18	R 500,000		
Community Services	Upgrading of sports facilities- squash court	Internal Funding	Community Development	Valencia	17	R 500,000	R 400,000	R 400,000
Community Services	Upgrading of sports facilities- Van riebeek swimming pool	Internal Funding	Community Development	Mbombela	17	R 500,000	R 400,000	R 400,000
Community Services	Establishment of Nkamberi Regional Cemetery	Internal Funding	Community Development	Sandriver	25	R 2,000,000	R 3,500,000	R -
Internal Funding						R 42,100,000	R 58,000,000	R 86,800,000
Total Capital Budget						R 410,187,000	R 466,975,000	R 750,432,000

1.7 ANNUAL BUDGET TABLES – PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the City's 2020/2021 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

MP326 City of Mbombela - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	–	466,134	631,719	642,360	642,360	642,360	655,814	680,902	721,756	765,061
Service charges	–	1,095,063	1,241,852	1,384,951	1,384,951	1,384,951	1,320,642	1,470,538	1,561,385	1,657,846
Investment revenue	–	8,581	7,383	6,329	6,329	6,329	5,041	6,329	6,962	7,658
Transfers recognised - operational	–	776,204	816,078	733,561	734,634	734,634	732,222	934,350	874,906	951,779
Other own revenue	–	138,129	148,868	97,340	306,504	306,504	139,743	121,374	128,657	136,376
Total Revenue (excluding capital transfers and contributions)	–	2,484,111	2,845,899	2,864,541	3,074,778	3,074,778	2,853,461	3,213,492	3,293,665	3,518,720
Employee costs	–	793,706	936,949	1,010,483	1,010,430	1,010,430	1,046,544	1,086,635	1,109,943	1,192,702
Remuneration of councillors	–	38,422	39,466	43,865	58,865	58,865	58,516	63,593	65,261	67,624
Depreciation & asset impairment	–	502,874	506,580	545,585	515,498	515,498	507,857	516,567	526,898	547,974
Finance charges	–	66,272	90,665	45,677	45,677	45,677	50,276	27,978	26,346	19,422
Materials and bulk purchases	–	753,528	796,644	893,674	849,188	849,188	767,669	903,798	909,016	980,038
Transfers and grants	–	31,912	40,205	32,670	4,522	4,522	5,134	2,080	1,320	1,320
Other expenditure	–	922,756	1,064,698	677,973	740,929	740,929	882,186	1,018,002	704,921	664,514
Total Expenditure	–	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,318,182	3,618,653	3,343,705	3,473,595
Surplus/(Deficit)	–	(625,359)	(629,309)	(385,385)	(150,331)	(150,331)	(464,721)	(405,161)	(50,040)	45,125
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	443,780	418,601	582,682	688,682	688,682	438,775	368,087	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	3,242	11,148	–	–	–	187	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	(178,337)	(199,559)	197,297	538,351	538,351	(25,759)	(37,074)	358,935	708,757
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(178,337)	(199,559)	197,297	538,351	538,351	(25,759)	(37,074)	358,935	708,757
Capital expenditure & funds sources										
Capital expenditure	–	100,123	153,181	682,362	798,743	798,743	499,708	410,187	466,975	750,432
Transfers recognised - capital	–	87,462	81,736	580,682	696,682	696,682	456,930	368,087	408,975	663,632
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	5,320	75,850	101,680	102,061	102,061	42,778	42,100	58,000	86,800
Total sources of capital funds	–	92,782	157,586	682,362	798,743	798,743	499,708	410,187	466,975	750,432
Financial position										
Total current assets	–	449,378	571,500	707,018	862,022	862,022	585,677	755,319	994,337	1,231,855
Total non current assets	–	7,567,820	7,543,170	7,880,130	7,996,511	7,996,511	7,535,098	7,602,571	7,659,359	7,942,816
Total current liabilities	–	1,733,242	2,087,429	989,855	1,098,105	1,098,105	2,111,439	1,109,415	1,410,780	1,312,172
Total non current liabilities	–	595,904	616,071	528,817	1,350,893	1,350,893	627,182	528,817	502,870	470,539
Community wealth/Equity	–	4,680,943	5,411,193	7,068,450	6,756,290	6,756,290	5,378,716	6,719,657	6,740,046	7,391,959
Cash flows										
Net cash from (used) operating	–	560,280	503,917	635,595	667,242	667,242	667,242	494,803	727,793	1,001,209
Net cash from (used) investing	–	(481,753)	(435,106)	(614,126)	(615,119)	(615,119)	(615,119)	(410,444)	(466,975)	(750,432)
Net cash from (used) financing	–	(8,489)	(36,663)	(29,971)	(29,971)	(29,971)	(29,971)	(17,515)	(18,407)	(19,410)
Cash/cash equivalents at the year end	–	93,903	126,051	86,698	148,202	148,202	148,202	215,047	457,458	688,825
Cash backing/surplus reconciliation										
Cash and investments available	–	111,284	126,051	86,698	148,202	148,202	77,566	215,047	457,458	688,825
Application of cash and investments	–	1,239,788	1,483,776	207,675	219,808	219,808	1,352,853	456,317	703,408	587,536
Balance - surplus (shortfall)	–	(1,128,503)	(1,357,726)	(120,977)	(71,606)	(71,606)	(1,275,287)	(241,270)	(245,950)	101,289
Asset management										
Asset register summary (WDV)	–	6,343,684	6,469,294	7,880,130	7,996,511	7,996,511	7,996,511	7,602,571	7,659,359	7,942,816
Depreciation	–	502,874	506,580	545,585	515,498	515,498	515,498	516,567	526,898	547,974
Renewal and Upgrading of Existing Assets	–	29,299	32,419	223,557	341,415	341,415	341,415	111,200	119,575	459,170
Repairs and Maintenance	–	41,568	3,902	14,657	7,580	7,580	7,580	175,389	121,585	103,015
Free services										
Cost of Free Basic Services provided	–	153,566	162,070	170,079	170,079	170,079	178,530	178,530	185,839	193,396
Revenue cost of free services provided	–	418,532	482,215	269,690	269,690	269,690	284,350	284,350	299,236	311,380
Households below minimum service level										
Water:	–	37	37	37	37	37	37	37	37	37
Sanitation/sewerage:	–	18	18	18	18	18	18	18	18	18
Energy:	–	–	16	16	16	16	16	16	16	16
Refuse:	–	142	142	142	142	142	142	142	142	142

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the City's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - (b) Capital expenditure is balanced by capital funding sources, of which;
 - (i) Transfers recognized are reflected on the Financial Performance Budget;
 - (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
 - (iii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the City's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the City continues to increase while the revenue cost continues to decrease for the MTREF.

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

MP326 City of Mbombela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		–	1,163,393	1,375,736	1,433,068	1,463,649	1,463,649	899,150	959,232	1,020,319
Executive and council		–	403	70	951	951	951	1,008	1,069	1,133
Finance and administration		–	1,162,990	1,375,666	1,432,117	1,462,698	1,462,698	898,141	958,163	1,019,186
Internal audit		–	–	–	0	0	0	0	0	0
<i>Community and public safety</i>		–	8,342	29,471	9,984	10,184	10,184	10,795	11,443	12,130
Community and social services		–	1,589	12,917	907	1,107	1,107	1,174	1,244	1,319
Sport and recreation		–	4,036	8,064	1,538	1,538	1,538	1,630	1,728	1,832
Public safety		–	2,717	8,489	7,539	7,539	7,539	7,991	8,471	8,979
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	588,310	593,340	579,816	865,272	865,272	352,717	387,440	410,755
Planning and development		–	543,064	547,751	578,801	666,041	666,041	345,052	379,316	402,143
Road transport		–	45,246	45,589	1,014	199,230	199,230	7,664	8,124	8,611
Environmental protection		–	–	–	0	0	0	0	0	0
<i>Trading services</i>		–	1,164,935	1,277,078	1,424,381	1,424,381	1,424,381	2,318,918	2,344,525	2,739,149
Energy sources		–	912,852	1,027,126	1,154,044	1,154,044	1,154,044	1,368,516	1,460,763	1,552,643
Water management		–	124,022	106,922	115,954	115,954	115,954	481,132	375,599	637,010
Waste water management		–	27,229	21,874	23,826	23,826	23,826	191,511	208,578	226,920
Waste management		–	100,831	121,157	130,556	130,556	130,556	277,758	299,584	322,576
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	–	2,924,980	3,275,625	3,447,249	3,763,486	3,763,486	3,581,579	3,702,640	4,182,352
Expenditure - Functional										
<i>Governance and administration</i>		–	793,577	852,857	705,478	723,914	723,914	675,881	662,493	725,779
Executive and council		–	191,877	129,997	154,914	147,729	147,729	138,603	141,103	145,814
Finance and administration		–	597,288	711,371	541,158	564,806	564,806	526,835	511,184	570,138
Internal audit		–	4,411	11,489	9,407	11,379	11,379	10,443	10,207	9,827
<i>Community and public safety</i>		–	304,352	311,770	423,028	472,634	472,634	308,329	298,054	298,559
Community and social services		–	44,426	45,708	69,354	73,188	73,188	50,081	52,310	54,748
Sport and recreation		–	161,464	159,948	197,145	242,475	242,475	124,629	115,081	114,749
Public safety		–	75,118	95,597	143,384	142,564	142,564	122,752	119,340	117,215
Housing		–	23,344	10,517	13,144	14,407	14,407	10,866	11,323	11,847
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	514,101	561,923	452,958	401,796	401,796	470,245	520,932	616,955
Planning and development		–	315,590	91,654	169,078	153,935	153,935	116,009	114,064	149,516
Road transport		–	185,239	451,577	275,147	231,573	231,573	348,417	401,052	461,637
Environmental protection		–	13,272	18,692	8,734	16,288	16,288	5,819	5,817	5,802
<i>Trading services</i>		–	1,484,184	1,734,185	1,634,905	1,594,624	1,594,624	2,142,218	1,838,799	1,807,213
Energy sources		–	793,890	909,903	946,116	900,405	900,405	1,340,909	1,143,043	1,133,522
Water management		–	239,535	450,640	304,170	314,300	314,300	355,500	314,362	314,198
Waste water management		–	141,171	25,508	143,042	124,686	124,686	117,480	61,643	52,904
Waste management		–	309,587	348,134	241,577	255,233	255,233	328,328	319,752	306,589
<i>Other</i>	4	–	13,257	14,474	33,557	32,141	32,141	21,980	23,428	25,088
Total Expenditure - Functional	3	–	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,618,653	3,343,705	3,473,595
Surplus/(Deficit) for the year		–	(184,490)	(199,583)	197,322	538,377	538,377	(37,074)	358,935	708,757

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and it does balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water

functions and the Waste management function. As already noted above, the City will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Explanatory notes Table A3 –
Budgeted Financial Performance (revenue and expenditure by municipal vote)

MP326 City of Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Revenue by Vote	1									
Vote 01 - Council		-	(6)	(2)	6	6	6	6	7	7
Vote 02 - Office Of Council		-	-	-	653	653	653	692	734	778
Vote 03 - Municipal Manager		-	6,349	8,150	9,248	9,248	9,248	9,803	10,391	11,015
Vote 04 - City Planning And Development Department		-	13,005	11,848	28,151	9,391	9,391	9,954	10,551	11,184
Vote 05 - Corporate Services Department		-	1,857	659	658	658	658	698	740	784
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		-	1,158,232	1,373,106	1,428,589	1,459,170	1,459,170	894,402	954,200	1,014,984
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		-	-	-	-	-	-	-	-	-
Vote 10 - Community Services		-	106,456	142,139	133,002	133,202	133,202	280,562	302,556	325,727
Vote 11 - Public Works, Roads And Transport		-	536,208	537,808	553,508	659,508	659,508	338,127	371,975	394,362
Vote 12 - Public Safety		-	44,715	54,074	8,565	206,781	206,781	15,668	16,608	17,605
Vote 13 - Water And Sanitation		-	145,311	120,718	130,824	130,824	130,824	663,150	574,115	853,263
Vote 14 - Energy		-	912,852	1,027,126	1,154,044	1,154,044	1,154,044	1,368,516	1,460,763	1,552,643
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	2,924,980	3,275,625	3,447,249	3,763,486	3,763,486	3,581,579	3,702,640	4,182,352
Expenditure by Vote to be appropriated	1									
Vote 01 - Council		-	119,545	54,494	70,876	77,235	77,235	79,385	81,021	83,409
Vote 02 - Office Of Council		-	22,092	25,280	28,706	24,092	24,092	23,438	23,763	24,613
Vote 03 - Municipal Manager		-	93,259	221,688	113,003	110,444	110,444	190,073	191,900	197,018
Vote 04 - City Planning And Development Department		-	308,603	74,111	118,333	111,164	111,164	84,338	83,467	119,469
Vote 05 - Corporate Services Department		-	197,741	158,055	163,338	169,084	169,084	129,712	130,960	133,643
Vote 06 - Strategic Management Services		-	32,357	36,395	41,498	38,382	38,382	32,942	33,297	35,018
Vote 07 - Financial Management		-	263,221	402,761	244,260	215,849	215,849	289,560	285,286	340,761
Vote 08 - Legal Services		-	5,444	9,949	2,623	17,531	17,531	4,001	3,650	3,294
Vote 09 - Regional Centre Coordination		-	20,019	28,952	22,445	41,614	41,614	15,988	15,700	16,648
Vote 10 - Community Services		-	465,098	510,216	472,771	537,584	537,584	456,479	440,055	427,002
Vote 11 - Public Works, Roads And Transport		-	239,038	443,127	408,461	349,098	349,098	442,986	438,562	486,314
Vote 12 - Public Safety		-	181,813	209,690	275,944	287,262	287,262	228,175	215,449	217,934
Vote 13 - Water And Sanitation		-	367,349	390,587	344,726	348,404	348,404	300,669	257,552	254,952
Vote 14 - Energy		-	793,890	909,903	942,942	897,368	897,368	1,340,909	1,143,043	1,133,522
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,618,653	3,343,705	3,473,595
Surplus/(Deficit) for the year	2	-	(184,490)	(199,583)	197,322	538,377	538,377	(37,074)	358,935	708,757

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

Explanatory notes to Table A4 –

Budgeted Financial Performance (revenue and expenditure)

The detailed draft operating revenue and expenditure budget for 2020/2021 – 2022/2023 budget and medium-term revenue and expenditure framework is as follows;

MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Revenue By Source											
Property rates	2	–	466,134	631,719	642,360	642,360	642,360	655,814	680,902	721,756	765,061
Service charges - electricity revenue	2	–	872,307	995,106	1,119,104	1,119,104	1,119,104	1,064,074	1,188,712	1,262,650	1,341,187
Service charges - water revenue	2	–	88,654	103,692	111,491	111,491	111,491	103,883	118,180	125,271	132,787
Service charges - sanitation revenue	2	–	27,222	21,873	23,826	23,826	23,826	22,505	25,255	26,771	28,377
Service charges - refuse revenue	2	–	100,727	121,157	130,556	130,556	130,556	130,180	138,390	146,693	155,495
Rental of facilities and equipment		–	9,878	11,676	8,464	8,464	8,464	5,902	8,972	9,510	10,080
Interest earned - external investments		–	8,581	7,383	6,329	6,329	6,329	5,041	6,329	6,962	7,658
Interest earned - outstanding debtors		–	42,909	27,028	27,345	37,345	37,345	43,765	39,586	41,961	44,478
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	6,629	10,321	8,099	8,099	8,099	2,900	8,585	9,100	9,646
Licences and permits		–	3,197	3,261	–	6,256	6,256	3,122	6,631	7,029	7,451
Agency services		–	38,796	42,317	–	192,000	192,000	34,961	–	–	–
Transfers and subsidies		–	776,204	816,078	733,561	734,634	734,634	732,222	934,350	874,906	951,779
Other revenue	2	–	36,720	54,264	53,432	54,340	54,340	49,092	57,601	61,057	64,720
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	2,477,958	2,845,876	2,864,567	3,074,804	3,074,804	2,853,461	3,213,492	3,293,665	3,518,720
Expenditure By Type											
Employee related costs	2	–	793,706	936,949	1,010,483	1,010,430	1,010,430	1,046,544	1,086,635	1,109,943	1,192,702
Remuneration of councillors		–	38,422	39,466	43,865	58,865	58,865	58,516	63,593	65,261	67,624
Debt impairment	3	–	160,305	192,920	106,974	99,023	99,023	220,066	430,288	228,314	242,291
Depreciation & asset impairment	2	–	502,874	506,580	545,585	515,498	515,498	507,857	516,567	526,898	547,974
Finance charges		–	66,272	90,665	45,677	45,677	45,677	50,276	27,978	26,346	19,422
Bulk purchases	2	–	706,812	746,300	839,462	805,175	805,175	730,098	863,137	873,701	949,241
Other materials	8	–	46,715	50,344	54,212	44,012	44,012	37,571	40,660	35,314	30,797
Contracted services		–	518,854	627,515	406,824	501,481	501,481	472,509	425,294	331,229	291,283
Transfers and subsidies		–	31,912	40,205	32,670	4,522	4,522	5,134	2,080	1,320	1,320
Other expenditure	4, 5	–	240,049	244,059	164,175	140,425	140,425	189,499	162,420	145,378	130,940
Losses		–	3,548	204	–	–	–	112	–	–	–
Total Expenditure		–	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,318,182	3,618,653	3,343,705	3,473,595
Surplus/(Deficit)		–	(631,512)	(629,333)	(385,360)	(150,305)	(150,305)	(464,721)	(405,161)	(50,040)	45,125
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	443,780	418,601	582,682	688,682	688,682	438,775	368,087	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	3,242	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	11,148	–	–	–	187	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		–	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of Council		-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 04 - City Planning And Development Department		-	-	19,444	-	-	-	-	4,600	5,000	3,500
Vote 05 - Corporate Services Department		-	-	-	-	-	-	-	-	-	-
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		-	-	-	-	923	923	893	2,000	-	-
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		-	-	-	-	-	-	-	-	-	-
Vote 10 - Community Services		-	-	-	2,500	2,200	2,200	-	3,000	800	800
Vote 11 - Public Works, Roads And Transport		-	-	7,286	286,323	384,105	384,105	222,925	183,783	257,975	283,562
Vote 12 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 13 - Water And Sanitation		-	-	4,386	47,674	47,853	47,853	12,914	25,000	32,000	273,770
Vote 14 - Energy		-	-	(2,567)	13,340	26,234	26,234	15,222	26,332	31,700	42,500
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	28,549	349,837	461,315	461,315	251,954	244,715	327,475	604,132
Single-year expenditure to be appropriated	2										
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of Council		-	-	-	280	830	830	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 04 - City Planning And Development Department		-	(6,675)	(18,698)	18,000	345	345	340	-	-	-
Vote 05 - Corporate Services Department		-	1,721	955	23,900	7,782	7,782	1,128	3,100	-	-
Vote 06 - Strategic Management Services		-	306	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		-	6,007	17,171	14,000	5,700	5,700	609	-	-	-
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		-	163	404	1,400	1,389	1,389	827	400	-	-
Vote 10 - Community Services		-	915	2,600	6,400	6,717	6,717	3,975	2,500	3,500	-
Vote 11 - Public Works, Roads And Transport		-	37,918	98,244	169,175	156,411	156,411	140,805	90,900	94,000	85,300
Vote 12 - Public Safety		-	333	-	200	5,902	5,902	4,875	1,000	1,700	2,000
Vote 13 - Water And Sanitation		-	39,883	20,787	61,000	124,141	124,141	79,882	44,200	22,000	43,500
Vote 14 - Energy		-	19,551	3,168	38,170	28,212	28,212	15,313	23,372	18,300	15,500
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	100,123	124,632	332,525	337,428	337,428	247,754	165,472	139,500	146,300
Total Capital Expenditure - Vote		-	100,123	153,181	682,362	798,743	798,743	499,708	410,187	466,975	750,432
Capital Expenditure - Functional											
Governance and administration		-	8,198	18,530	39,580	17,624	17,624	3,457	5,500	-	-
Executive and council		-	-	-	280	830	830	-	-	-	-
Finance and administration		-	8,198	18,530	39,300	16,794	16,794	3,457	5,500	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	1,248	1,844	56,100	26,550	26,550	18,422	30,000	24,000	10,800
Community and social services		-	281	405	38,200	18,301	18,301	12,972	20,000	13,500	-
Sport and recreation		-	672	1,439	17,900	8,248	8,248	5,450	9,000	8,800	8,800
Public safety		-	295	-	-	-	-	-	1,000	1,700	2,000
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	29,197	92,019	386,069	462,172	462,172	292,887	223,133	313,975	319,362
Planning and development		-	(6,675)	-	90,518	41,620	41,620	30,681	101,650	132,500	30,100
Road transport		-	35,872	92,019	295,551	420,551	420,551	262,207	121,483	181,475	289,262
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	61,480	40,041	200,613	292,053	292,053	184,601	151,554	129,000	420,270
Energy sources		-	19,551	601	51,510	54,445	54,445	30,535	49,704	50,000	58,000
Water management		-	38,483	19,873	112,174	174,617	174,617	113,574	71,200	47,500	293,770
Waste water management		-	3,446	18,810	32,229	61,701	61,701	39,223	30,000	26,500	53,500
Waste management		-	-	757	4,700	1,289	1,289	1,269	650	5,000	15,000
Other		-	-	746	-	345	345	340	-	-	-
Total Capital Expenditure - Functional	3	-	100,123	153,181	682,362	798,743	798,743	499,708	410,187	466,975	750,432
Funded by:											
National Government		-	87,462	81,736	572,682	688,682	688,682	451,829	361,787	401,975	656,632
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	8,000	8,000	8,000	5,102	6,300	7,000	7,000
Transfers recognised - capital	4	-	87,462	81,736	580,682	696,682	696,682	456,930	368,087	408,975	663,632
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	-	5,320	75,850	101,680	102,061	102,061	42,778	42,100	58,000	86,800
Total Capital Funding	7	-	92,782	157,586	682,362	798,743	798,743	499,708	410,187	466,975	750,432

Explanatory notes to Table A6 - Budgeted Financial Position

MP326 City of Mbombela - Table A6 Budgeted Financial Position											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		–	83,671	104,822	86,698	148,202	148,202	52,894	215,047	457,458	688,825
Call investment deposits	1	–	9,216	21,229	–	–	–	24,672	–	–	–
Consumer debtors	1	–	258,610	298,936	421,465	514,965	514,965	192,088	286,474	275,467	273,776
Other debtors		–	78,284	118,693	174,883	174,883	174,883	279,518	228,628	235,486	242,551
Current portion of long-term receivables		–	495	676	4,519	4,519	4,519	671	4,745	4,887	5,034
Inventory	2	–	19,101	27,145	19,453	19,453	19,453	35,835	20,425	21,038	21,669
Total current assets		–	449,378	571,500	707,018	862,022	862,022	585,677	755,319	994,337	1,231,855
Non current assets											
Long-term receivables		–	3,793	2,532	–	–	–	2,601	–	–	–
Investments		–	18,398	0	–	–	–	0	–	–	–
Investment property		–	332,431	330,446	332,431	332,431	332,431	328,334	330,446	330,446	330,446
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property , plant and equipment	3	–	7,195,800	7,193,413	7,495,271	7,636,770	7,636,770	7,187,524	7,251,217	7,311,105	7,594,562
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	15,097	14,477	50,126	25,008	25,008	14,336	18,606	15,506	15,506
Other non-current assets		–	2,302	2,302	2,302	2,302	2,302	2,302	2,302	2,302	2,302
Total non current assets		–	7,567,820	7,543,170	7,880,130	7,996,511	7,996,511	7,535,098	7,602,571	7,659,359	7,942,816
TOTAL ASSETS		–	8,017,198	8,114,669	8,587,147	8,858,533	8,858,533	8,120,775	8,357,889	8,653,696	9,174,671
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	62,976	56,019	29,971	29,971	29,971	37,904	41,168	41,168	41,168
Consumer deposits		–	36,920	40,282	38,249	38,249	38,249	42,740	39,013	39,794	40,590
Trade and other payables	4	–	1,601,401	1,954,417	892,975	1,001,225	1,001,225	1,994,085	1,000,000	1,300,000	1,200,000
Provisions		–	31,945	36,711	28,661	28,661	28,661	36,711	29,234	29,818	30,415
Total current liabilities		–	1,733,242	2,087,429	989,855	1,098,105	1,098,105	2,111,439	1,109,415	1,410,780	1,312,172
Non current liabilities											
Borrowing		–	243,420	213,414	207,730	207,730	207,730	203,956	207,730	175,361	139,755
Provisions		–	352,483	402,657	321,087	1,143,163	1,143,163	423,226	321,087	327,508	330,784
Total non current liabilities		–	595,904	616,071	528,817	1,350,893	1,350,893	627,182	528,817	502,870	470,539
TOTAL LIABILITIES		–	2,329,146	2,703,500	1,518,672	2,448,998	2,448,998	2,738,621	1,638,232	1,913,650	1,782,711
NET ASSETS	5	–	5,688,052	5,411,169	7,068,475	6,409,535	6,409,535	5,382,154	6,719,657	6,740,046	7,391,959
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	4,674,790	5,411,169	7,068,475	6,756,316	6,756,316	5,378,716	6,719,657	6,740,046	7,391,959
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	4,674,790	5,411,169	7,068,475	6,756,316	6,756,316	5,378,716	6,719,657	6,740,046	7,391,959

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;

- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the City belong to the community.

5 Cash flow Statement

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

MP326 City of Mbombela - Table A7 Budgeted Cash Flows											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			436,145	606,607	610,242	610,242	610,242	610,242	544,721	649,580	688,555
Service charges			878,389	984,333	1,315,728	1,351,206	1,351,206	1,351,206	1,208,099	1,443,011	1,532,092
Other revenue			188,404	129,498	66,496	255,701	255,701	255,701	65,431	78,027	82,708
Transfers and Subsidies - Operational	1		570,019	711,372	733,561	733,561	733,561	733,561	934,350	874,906	951,779
Transfers and Subsidies - Capital	1		633,202	462,555	582,682	567,682	567,682	567,682	368,087	408,975	663,632
Interest			52,507	34,411	32,306	41,490	41,490	41,490	45,914	48,922	52,136
Dividends			–		–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	(2,103,325)	(2,288,007)	(2,630,453)	(2,846,922)	(2,846,922)	(2,846,922)	(2,641,741)	(2,747,962)	(2,948,950)
Finance charges		–	(63,148)	(90,180)	(44,764)	(41,109)	(41,109)	(41,109)	(27,978)	(26,346)	(19,422)
Transfers and Grants	1	–	(31,912)	(46,672)	(30,203)	(4,608)	(4,608)	(4,608)	(2,080)	(1,320)	(1,320)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	560,280	503,917	635,595	667,242	667,242	667,242	494,803	727,793	1,001,209
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			958	268	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables			(1,137)	1,870	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	(601)	18,398	–	–	–	–	–	–	–
Payments											
Capital assets		–	(480,973)	(455,642)	(614,126)	(615,119)	(615,119)	(615,119)	(410,444)	(466,975)	(750,432)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(481,753)	(435,106)	(614,126)	(615,119)	(615,119)	(615,119)	(410,444)	(466,975)	(750,432)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	(8,489)	(36,663)	(29,971)	(29,971)	(29,971)	(29,971)	(17,515)	(18,407)	(19,410)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(8,489)	(36,663)	(29,971)	(29,971)	(29,971)	(29,971)	(17,515)	(18,407)	(19,410)
NET INCREASE/ (DECREASE) IN CASH HELD											
		–	70,039	32,148	(8,502)	22,151	22,151	22,151	66,845	242,411	231,367
Cash/cash equivalents at the year begin:	2	–	23,864	93,903	95,200	126,051	126,051	126,051	148,202	215,047	457,458
Cash/cash equivalents at the year end:	2	–	93,903	126,051	86,698	148,202	148,202	148,202	215,047	457,458	688,825

The above table reflects that the municipality will increase its cash and cash equivalents at the end of the year to R215 million in 2020/2021 from R148 million projected cash and cash equivalent in 2019/2020 and increases to R457 million in 2022/2023 financial year.

It be noted that the net cash to be generated from operating activities will amount to R494 million in 2020/2021 and will increase to R723 million over the medium-term. The favourable net-cash from operating activities is an indication that the municipality will be able to generate surplus cash from rendering municipal services such as electricity, water, sanitation, solid waste etc.

The surplus cash generated from the operating activities will be utilized to fund the capital expenditure and also to repay the non-current borrowings and outstanding creditors.

MP326 City of Mbombela - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	93,903	126,051	86,698	148,202	148,202	148,202	215,047	457,458	688,825
Other current investments > 90 days		-	(1,016)	0	(0)	(0)	(0)	(8,911)	-	-	-
Non current assets - Investments	1	-	18,398	0	-	-	-	0	-	-	-
Cash and investments available:		-	111,284	126,051	86,698	148,202	148,202	139,291	215,047	457,458	688,825
Application of cash and investments											
Unspent conditional transfers		-	148,708	101,913	-	-	-	297,398	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	(86,828)	(126,054)	(126,054)	(126,054)	(126,054)	(126,054)	(131,602)	(136,734)	(147,770)
Other working capital requirements	3	-	1,176,812	1,507,913	333,736	345,869	345,869	869,561	587,919	840,142	735,306
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	1,238,693	1,483,772	207,682	219,815	219,815	1,040,905	456,317	703,408	587,536
Surplus(shortfall)		-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	(241,270)	(245,950)	101,289

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the City's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2020/2021 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen that the budget has been modeled to progressively move from a deficit of R241 million in 2020/2021 to a surplus R250 million in 2022/2023 after meeting the obligations.

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

MP326 City of Mbombela - Table A9 Asset Management

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE											
Total New Assets		1	-	70,824	120,762	458,805	441,095	441,095	305,444	348,900	287,662
Roads Infrastructure			-	34,692	66,981	235,083	245,230	245,230	153,083	226,400	152,162
Storm water Infrastructure			-	1,051	13,510	-	10,555	10,555	7,000	8,000	10,000
Electrical Infrastructure			-	19,551	601	38,510	43,709	43,709	47,461	45,000	47,500
Water Supply Infrastructure			-	2,499	17,699	57,674	50,203	50,203	46,600	22,000	23,500
Sanitation Infrastructure			-	2,806	-	22,229	28,229	28,229	13,000	16,000	22,000
Solid Waste Infrastructure			-	-	7,291	3,500	100	100	650	5,000	15,000
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	1,000	200	200	-	-	-
Infrastructure			-	60,599	106,082	357,996	378,227	378,227	267,794	322,400	270,162
Community Facilities			-	231	9,492	44,779	35,015	35,015	24,550	21,500	4,000
Sport and Recreation Facilities			-	-	991	15,000	200	200	-	-	-
Community Assets			-	231	10,483	59,779	35,215	35,215	24,550	21,500	4,000
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	1,225	420	3,750	3,137	3,137	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	1,225	420	3,750	3,137	3,137	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	1,179	620	34,000	3,882	3,882	3,100	-	-
Intangible Assets			-	1,179	620	34,000	3,882	3,882	3,100	-	-
Computer Equipment			-	346	320	-	-	-	-	-	-
Furniture and Office Equipment			-	900	1,961	-	923	923	4,000	-	-
Machinery and Equipment			-	1,047	876	280	7,532	7,532	-	5,000	10,000
Transport Assets			-	5,297	-	3,000	12,180	12,180	6,000	-	3,500
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	-	178	2,677	31,939	20,733	20,733	12,000	10,000	30,000
Roads Infrastructure			-	-	-	14,868	8,438	8,438	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	178	-	-	-	-	1,000	5,000	16,000
Sanitation Infrastructure			-	-	-	-	-	-	11,000	5,000	14,000
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	10,171	6,645	6,645	-	-	-
Coastal Infrastructure			-	-	2,677	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	178	2,677	25,039	15,083	15,083	12,000	10,000	30,000
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	4,900	5,649	5,649	-	-	-
Community Assets			-	-	-	4,900	5,649	5,649	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	2,000	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	2,000	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets		6	-	29,122	29,742	191,618	312,716	312,716	93,000	108,075	432,770
Roads Infrastructure			-	(5,585)	22,268	104,368	182,895	182,895	40,100	69,075	163,000
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	12,000	9,600	9,600	7,000	7,000	7,000
Water Supply Infrastructure			-	34,400	4,078	51,500	104,163	104,163	33,500	24,000	250,770
Sanitation Infrastructure			-	-	3,396	8,000	11,104	11,104	2,000	-	4,000
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-

Infrastructure	4	-	28,816	29,742	175,868	307,762	307,762	82,600	100,075	424,770
Community Facilities		-	-	-	13,000	2,214	2,214	10,000	8,000	8,000
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	13,000	2,214	2,214	10,000	8,000	8,000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	306	-	2,750	2,739	2,739	400	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	306	-	2,750	2,739	2,739	400	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	100,123	153,181	682,362	774,543	774,543	410,444	466,975	750,432
Roads Infrastructure		-	29,107	89,249	354,320	436,564	436,564	193,183	295,475	315,162
Storm water Infrastructure		-	1,051	13,510	-	10,555	10,555	7,000	8,000	10,000
Electrical Infrastructure		-	19,551	601	50,510	53,309	53,309	54,461	52,000	54,500
Water Supply Infrastructure		-	37,077	21,777	109,174	154,366	154,366	81,100	51,000	290,270
Sanitation Infrastructure		-	2,806	3,396	30,229	39,333	39,333	26,000	21,000	40,000
Solid Waste Infrastructure		-	-	7,291	3,500	100	100	650	5,000	15,000
Rail Infrastructure		-	-	-	10,171	6,645	6,645	-	-	-
Coastal Infrastructure		-	-	2,677	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	1,000	200	200	-	-	-
Infrastructure		-	89,592	138,501	558,903	701,072	701,072	362,394	432,475	724,932
Community Facilities		-	231	9,492	57,779	37,229	37,229	34,550	29,500	12,000
Sport and Recreation Facilities		-	-	991	19,900	5,849	5,849	-	-	-
Community Assets		-	231	10,483	77,679	43,078	43,078	34,550	29,500	12,000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	1,531	420	8,500	5,876	5,876	400	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	1,531	420	8,500	5,876	5,876	400	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	1,179	620	34,000	3,882	3,882	3,100	-	-
Intangible Assets		-	1,179	620	34,000	3,882	3,882	3,100	-	-
Computer Equipment		-	346	320	-	-	-	-	-	-
Furniture and Office Equipment		-	900	1,961	-	923	923	4,000	-	-
Machinery and Equipment		-	1,047	876	280	7,532	7,532	-	5,000	10,000
Transport Assets		-	5,297	-	3,000	12,180	12,180	6,000	-	3,500
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	100,123	153,181	682,362	774,543	774,543	410,444	466,975	750,432
ASSET REGISTER SUMMARY - PPE (WDV)	5	-	6,343,684	6,469,294	7,880,130	7,972,311	7,972,311	7,630,828	7,649,859	7,933,016
Roads Infrastructure		-	1,175,881	1,184,465	1,831,943	1,914,187	1,914,187	1,779,842	1,844,634	1,864,021
Storm water Infrastructure		-	360,683	374,193	-	10,555	10,555	7,000	8,000	10,000
Electrical Infrastructure		-	590,546	551,526	621,938	624,737	624,737	605,987	603,526	606,026
Water Supply Infrastructure		-	1,490,556	1,702,994	1,560,736	1,605,929	1,605,929	1,784,094	1,753,994	1,993,264
Sanitation Infrastructure		-	662,893	646,085	665,661	674,765	674,765	672,085	667,085	686,085
Solid Waste Infrastructure		-	40,835	43,162	47,719	44,319	44,319	44,364	48,714	58,714
Rail Infrastructure		-	-	-	10,171	6,645	6,645	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	1,029	1,029	1,000	200	200	-	-	-
Infrastructure		-	4,322,423	4,503,454	4,739,168	4,881,337	4,881,337	4,893,371	4,925,952	5,218,109
Community Assets		-	17,493	27,756	964,738	930,138	930,138	562,983	557,933	540,433
Heritage Assets		-	2,302	2,302	2,302	2,302	2,302	2,302	2,302	2,302
Investment properties		-	332,431	330,446	332,431	332,431	332,431	330,446	330,446	330,446
Other Assets		-	888,671	849,298	1,028,920	1,026,296	1,026,296	1,071,744	1,071,344	1,071,344
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	15,097	14,477	50,126	20,008	20,008	18,606	15,506	15,506
Computer Equipment		-	20,125	16,935	20,125	20,125	20,125	16,935	16,935	16,935
Furniture and Office Equipment		-	30,887	27,388	33,642	34,565	34,565	35,702	31,702	31,702
Machinery and Equipment		-	31,954	27,832	27,365	34,617	34,617	23,885	28,885	33,885
Transport Assets		-	41,251	37,435	43,645	52,824	52,824	43,435	37,435	40,935
Land		-	641,051	631,971	637,667	637,667	637,667	631,419	631,419	631,419
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	6,343,684	6,469,294	7,880,130	7,972,311	7,972,311	7,630,828	7,649,859	7,933,016

EXPENDITURE OTHER ITEMS		-	544,443	510,482	560,242	525,345	525,345	578,205	582,373	593,811
Depreciation	7	-	502,874	506,580	545,585	515,498	515,498	516,567	526,898	547,974
Repairs and Maintenance by Asset Class	3	-	41,568	3,902	14,657	9,847	9,847	61,639	55,475	45,837
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	7,253	2,870	11,417	8,534	8,534	6,809	6,128	5,209
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	1,000	900	765
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	33,232	-	1,275	-	-	-	-	-
<i>Rail Infrastructure</i>		-	1	48	196	79	79	33,963	30,566	24,665
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	150	323	155	155	200	180	153
Infrastructure		-	40,485	3,068	13,211	8,768	8,768	41,972	37,775	30,792
Community Facilities		-	592	834	446	1,079	1,079	600	540	459
Sport and Recreation Facilities		-	-	-	-	-	-	900	810	689
Community Assets		-	592	834	446	1,079	1,079	1,500	1,350	1,148
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	1,000	-	-	4,100	3,690	3,137
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	1,000	-	-	4,100	3,690	3,137
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	491	-	-	-	-	2,040	1,836	1,561
Transport Assets		-	-	-	-	-	-	12,027	10,824	9,201
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	544,443	510,482	560,242	525,345	525,345	578,205	582,373	593,811

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. The table below reflect the detail report for a list of free basic service the City provide to the community as well as the level of service delivery to the people of Mbombela.

MP326 City of Mbombela - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		–	119,394	119,394	119,394	119,394	119,394	119,394	119,394	119,394
Piped water inside yard (but not in dwelling)		–	25,123	25,123	25,123	25,123	25,123	25,123	25,123	25,123
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	144,517	144,517	144,517	144,517	144,517	144,517	144,517	144,517
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	36,849	36,849	36,849	36,849	36,849	36,849	36,849	36,849
<i>Below Minimum Service Level sub-total</i>		–	36,849	36,849	36,849	36,849	36,849	36,849	36,849	36,849
Total number of households	5	–	181,366	181,366	181,366	181,366	181,366	181,366	181,366	181,366
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	74,171	74,171	81,588	81,588	81,588	89,747	89,747	89,747
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	114,164	114,164	102,748	102,748	102,748	92,473	78,602	78,602
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	188,335	188,335	184,336	184,336	184,336	182,220	168,349	168,349
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	17,801	17,801	17,801	17,801	17,801	17,801	17,801	17,801
<i>Below Minimum Service Level sub-total</i>		–	17,801	17,801	17,801	17,801	17,801	17,801	17,801	17,801
Total number of households	5	–	206,136	206,136	202,137	202,137	202,137	200,021	186,150	186,150
Energy:										
Electricity (at least min.service level)		–	190,065	190,065	209,072	209,072	209,072	229,979	252,977	278,274
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	190,065	190,065	209,072	209,072	209,072	229,979	252,977	278,274
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	16,071	16,071	16,071	16,071	16,071	16,071	16,071
<i>Below Minimum Service Level sub-total</i>		–	–	16,071	16,071	16,071	16,071	16,071	16,071	16,071
Total number of households	5	–	190,065	206,136	225,143	225,143	225,143	246,050	269,048	294,345
Refuse:										
Removed at least once a week		–	64,027	64,027	64,027	64,027	64,027	64,027	64,027	64,027
<i>Minimum Service Level and Above sub-total</i>		–	64,027	64,027	64,027	64,027	64,027	64,027	64,027	64,027
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	133,170	133,170	133,170	133,170	133,170	133,170	133,170	133,170
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	8,939	8,939	8,939	8,939	8,939	8,939	8,939	8,939
<i>Below Minimum Service Level sub-total</i>		–	142,109	142,109	142,109	142,109	142,109	142,109	142,109	142,109
Total number of households	5	–	206,136	206,136	206,136	206,136	206,136	206,136	206,136	206,136
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Sanitation (free minimum level service)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Electricity/other energy (50kwh per household per month)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Refuse (removed at least once a week)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	40,996	43,153	45,425	45,425	45,425	47,815	50,206	52,716
Sanitation (free sanitation service to indigent households)		–	20,441	21,577	22,712	22,712	22,712	23,908	23,908	23,908
Electricity/other energy (50kwh per indigent household per month)		–	74,907	78,849	82,999	82,999	82,999	87,367	91,736	96,323
Refuse (removed once a week for indigent households)		–	14,079	14,861	15,643	15,643	15,643	16,466	17,290	18,154
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		–	3,465	3,630	3,300	3,300	3,300	3,000	2,700	2,295
Highest level of free service provided per household										
Property rates (R value threshold)			80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)			6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)			6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)			–	–	–	–	–	–	–	–
Electricity (kwh per household per month)			50	50	50	50	50	50	50	50
Refuse (average litres per week)			1	1	1	1	1	1	1	1
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		–	220,176	280,267	63,135	63,135	63,135	71,026	76,709	82,845
Water (in excess of 6 kilolitres per indigent household per month)		–	40,425	42,446	42,552	42,552	42,552	44,792	47,031	47,031
Sanitation (in excess of free sanitation service to indigent households)		–	22,340	21,223	21,276	21,276	21,276	22,396	23,516	23,516
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	135,591	138,279	142,727	142,727	142,727	150,239	157,751	165,639
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	–	418,532	482,215	269,690	269,690	269,690	288,454	305,007	319,031

PART 2 – SUPPORTING DOCUMENTATION

2.1 2020/2021 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the City to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the City must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the City meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- (a) that the process followed to compile the budget complies with legislation and good budget practices;
- (b) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of City;
- (c) that the City's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- (d) That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP/Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The process that was followed to guide the review of the City of Mbombela's 2020-2021 financial year involved various phases which had their respective outcomes. The phases include preparation, analysis, strategies, projects, integration and approval phases

(a) Planning Phase

The City of Mbombela Municipal Council, under Council Resolution No. A1/2019, adopted an IDP/budget Process Plan on the 31st of August 2019. The IDP/budget Process Plan outlined the legislative framework, institutional structures to guide, manage and monitor the IDP Review processes, mechanisms for community participation as well as key deadlines of the activities that led to the finalisation of the IDP for the 2020-2021 financial year.

The Process Plan was developed in line with the Ehlanzeni District Municipality's IDP Framework Plan adopted for the entire district after consultations with the local municipalities, including the City of Mbombela.

The Process Plan was advertised on the Mpumalanga News dated in order to give notice to the affected stakeholders and the community members. The Process Plan was also placed on the Municipality's website and placed in all the Regional Service Centres of the Municipality.

(b) Analysis Phase

During this phase, it was critical for the municipality to understand the current existing situation within the municipal area. An in depth diagnostic assessment was done by the Municipality in relation to the levels of development, service delivery gaps or challenges, causes of existing problems, identification of priority issues (issues that needed to be addressed first), and available resources to help deal with identified challenges or problems.

Sources of information that were used as baseline include annual reports, mid-year performance report, Service Delivery and Budget Implementation Plan (SDBIP) quarterly reports, StatsSA Community Survey 2016, and SERO reports. Sector plans were also used to inform the planning of the IDP in terms what programmes or projects needs to be implemented to address the service delivery gaps within the municipal area. The GIS system was also used in identifying communities that do not have access to municipal basic services within the municipal area. The information obtained through this process helped the municipality to identify priority issues according to the Municipality's perspective. A further prognosis was done in terms of the internal institutional gaps or needs (i.e. shortage of staff, governance issues, etc.) as well as internal resources (revenue generation capacity, ICT infrastructure, etc.) that may assist in addressing the identified priority issues.

(c) Strategy Phase

The City of Mbombela had its strategic planning sessions to devise means to respond to the priority issues identified during the analysis phase. Departmental strategic planning sessions were held from November 2019 . Departments reviewed their strategies and objectives taking into consideration the results of the internal assessment of the Municipality. Furthermore, departments identified programmes and projects which might be critical to respond to the ward priorities as well as the institutional needs.

(d) Project Phase

The project phase involved Municipal Departments designing programmes and projects with clear targets and indicators which are specific, measurable, achievable, realistic and time-bound. The location, beneficiaries, as well as project costing was also done. These programmes and projects were informed by the ward priorities, the Municipality Vision 2030, sector plans, policy imperatives and planning requirements from the national and provincial spheres of government.

The programmes and projects devised also gave effect to national priorities as pronounced during the State of the National Address (SONA) and State of the Province Address (SOPA) respectively.

(e) Integration Phase

During this phase, the Municipality held institutional Technical Lekgotla chaired by the Municipal Manager in December 2019 and Mayoral Lekgotla chaired by the Executive Mayor on the of March 2020. The aim of these sessions was to align and integrate departmental programmes and projects as well as to devise interventions that will assist in the attainment of the Municipality's programmes/projects objectives and outcomes that responds to the IDP priorities. The aim was also to ensure that all efforts are directed towards the realisation of the Municipality long-term plan (i.e. City of Mbombela Vision 2030).

During this phase, the Municipality aligned its five year programs with its financial resources (Budget/MTREF) and also with its performance management system. During this phase, an operational plan (SDBIP) was also developed to track performance on planned activities in relation to budgeted projects.

Sessions with sector departments were also held, through platforms created by Ehlanzeni District Municipality (EDM) and Provincial Department of Cooperative Governance and Traditional Affairs (COGTA), to integrate programmes and projects of all the local municipalities in Ehlanzeni district with that of the provincial and national sector departments, as well as state-owned enterprises (SOE's) such as ESKOM and other private companies i.e. Barberton Mines, etc. Hence, projects from provincial and national sector departments, private sector and state parastatals are also incorporated in this reviewed IDP. This was to ensure that there is vertical alignment of plans and programs aimed at achieving national and provincial policy imperatives, strategies and plans (i.e. National Development Plan, Medium-Term Strategic Framework, Mpumalanga Province Vision 2030, Mpumalanga Economic Development Path, etc.).

(f) Public Participation and consultative process

As part of the consultative process, the municipality had a benchmark engagement meeting with the National Treasury on June 2020 with regard to the adopted final IDP/budget and 2020/2021 2022/2023 Budget and Medium Term Revenue and Expenditure Framework (MTREF). The benchmark engagement also help the City with guide in term of the final budget preparation processes.

Approval Phase

The final 2020/2021 IDP and Budget will be tabled before council for approval on June 2020. The notice will be advertised on local print media as required by the Municipal Finance management Act read with the Regulations. Moreover, the documents will be placed on the municipal website, in all the 4 Regions of the City i.e Head Office, Central, Northern, Southern, Eastern and in all Libraries for public awareness on the approved IDP and Budget.

2.1.2 IDP and service delivery and budget implementation plan

It started in August 2019 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/2020 MTREF.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- (a) Registration of community needs;
- (b) Compilation of departmental business plans including key performance indicators and targets;
- (c) Financial planning and budgeting process;
- (d) Public participation process;
- (e) Compilation of the SDBIP, and
- (f) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/2021 MTREF, based on the approved 2019/2020 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/2021 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/2020 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial modelling and key planning drivers

As part of the compilation of the 2020/2021 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/2021 – 2022/2023 annual budget and MTREF:

- (a) City's growth
- (b) Policy priorities and strategic objectives
- (c) Asset maintenance
- (d) Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- (e) Performance trends
- (f) The approved 2019/2020 adjustments budget and performance against the SDBIP
- (g) Cash Flow Management
- (h) Debtor payment levels
- (i) Loan and investment possibilities
- (j) The need for tariff increases versus the ability of the community to pay for services
- (k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars in relation to municipal budget process has been taken into consideration in the planning and prioritisation process.

2.1.4 Community consultation

Chapter 4 of the Municipal Systems Act states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the City including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councilors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

2.1.5 Committees and participation

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. City's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Strategic Management Services department (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in the City of Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the City and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councilors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the City.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a City to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the City and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the City.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the City. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- (a) Green Paper on National Strategic Planning of 2009;
- (b) Government Program of Action;
- (c) Development Facilitation Act of 1995;
- (d) Provincial Growth and Development Strategy (GGDS);
- (e) National and Provincial spatial development perspectives;
- (f) Relevant sector plans such as transportation, legislation and policy;
- (g) National Key Performance Indicators (NKPIs);
- (h) Accelerated and Shared Growth Initiative (ASGISA);
- (i) National 2014 Vision;
- (j) National Spatial Development Perspective (NSDP); and
- (k) The National Priority Outcomes.

2.2.1 National priorities

The President on his 2020 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating to these national priorities within the premise that the creation of decent work is at the Centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2020 as a year of job creation and investment. The municipalities should align their programs with the job creation imperative.

To achieve this national priority, municipalities are urged when finalising 2020/2021 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The City ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programs to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a City must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2020/2021 MTREF and further planning refinements that have directly informed the compilation of the budget:

2.2.2 IDP strategic objectives

The City's development priority and objectives

IDP priority	Development	IDP Development objective
Institutional development and transformation		<ul style="list-style-type: none"> • To build strong sustainable governance and institutional structures and arrangements • To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
Infrastructure and sustainable services		<ul style="list-style-type: none"> • To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development
Rural Development		<ul style="list-style-type: none"> • To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development
Economic development		<ul style="list-style-type: none"> • To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management
Financial management and viability		<ul style="list-style-type: none"> • To ensure legally sound financial viability and management
Human capital and community development		<ul style="list-style-type: none"> • To formulate a broad over-arching human capital and community development
2010 Legacy and Flagship projects concept		<ul style="list-style-type: none"> • To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management • To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development • To build strong sustainable governance and institutional structures and arrangements

	<ul style="list-style-type: none"> To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
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In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

Alignment of City of Mbombela's IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	IDP PRIORITIES- MUNICIPAL RESPONSE
Develop a Global Partnership for Development	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Human capital and community development
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Economic development ➤ Rural development
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects ➤ Economic development
Ensure environmental sustainability	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Promote gender equality and empower women	<ul style="list-style-type: none"> ➤ Human capital and social development ➤ 2010 legacy and flagship projects
NATIONAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Corruption	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Education	<ul style="list-style-type: none"> ➤ Human capital and community development
Health	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
The fight against crime	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Rural development

Creation of decent work & sustainable livelihoods	<ul style="list-style-type: none"> ➤ Economic development ➤ Infrastructure & sustainable services ➤ 2010 legacy and flagship projects ➤ Rural development
Rural development, food security & land reform	<ul style="list-style-type: none"> ➤ Economic development ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Rural development
PROVINCIAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Agriculture	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ Economic development ➤ Rural development
Skills	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ Institutional development & transformation ➤ Infrastructure & sustainable services
Economic growth & job creation	<ul style="list-style-type: none"> ➤ Economic development ➤ 2010 legacy and flagship projects ➤ Rural development
Strategic infrastructure	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Infrastructure & sustainable services
Tourism, Environment & Cultural Heritage	<ul style="list-style-type: none"> ➤ Human capital & community development ➤ Flagship projects ➤
Social cohesion	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects
DISTRICT PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Basic service and infrastructure development	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services
Local economic development	<ul style="list-style-type: none"> ➤ Economic development ➤ 2010 legacy and flagship projects
Institutional transformation and development	<ul style="list-style-type: none"> ➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Financial viability and management	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Financial management and viability

Public participation and good governance	<ul style="list-style-type: none"> ➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Traditional leaders	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- (a) To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- (b) To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- (c) To formulate a Broad Over-arching Human Capital and Community Development
- (d) To build strong sustainable governance and institutional structures and arrangements
- (e) To ensure legally sound financial viability and management
- (f) To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- (a) During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- (b) Diverse developmental needs in areas within each ward were noted during the Analysis phase
- (c) Poor attendance in some wards during the consultation meetings has negative effects;

- (d) Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
- (e) Communities should be provided with maps of their areas during consultation process to assist the City in mapping social needs;
- (f) Government departments and parastatals are not attending IDP meetings even though they are invited;
- (g) Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programs across the three spheres of government and other stakeholders that will be implemented in their respective wards;
- (h) There is a need for an organized consultation process with sector departments from both the City and district perspective.

The 2020/2021 – 2022/2023 final budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				-	886,749	1,000,130	1,119,034	1,119,034	1,119,034	1,334,312	1,423,763	1,514,643	
WATER AND SANITATION				-	119,648	120,718	130,824	130,824	130,824	663,150	574,115	621,993	
PUBLIC SAFETY				-	44,715	54,074	8,565	206,781	206,781	15,668	16,608	17,605	
PUBLIC WORKS, ROADS AND TRANSPORT				-	140,952	146,202	5,836	5,836	5,836	4,244	-	-	
COMMUNITY SERVICES				-	106,456	130,990	133,002	133,202	133,202	280,562	302,556	325,727	
REGIONAL CENTRE COORDINATION				-	-	-	-	-	-	-	-	-	
LEGAL SERVICES				-	-	-	-	-	-	-	-	-	
FINANCIAL MANAGEMENT				-	1,158,232	1,373,106	1,428,589	1,459,170	1,459,170	894,402	954,200	1,014,984	
STRATEGIC MANAGEMENT SERVICES				-	-	-	-	-	-	-	-	-	
CORPORATE SERVICES DEPARTMENT				-	1,857	659	658	658	658	698	740	784	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				-	13,005	11,848	28,151	9,391	9,391	9,954	10,551	11,184	
MUNICIPAL MANAGER				-	6,349	8,150	9,248	9,248	9,248	9,803	10,391	11,015	
OFFICE OF COUNCIL				-	-	-	653	653	653	692	734	778	
COUNCIL				-	(6)	(2)	6	6	6	6	7	7	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	-	2,477,958	2,845,876	2,864,567	3,074,804	3,074,804	3,213,492	3,293,665	3,518,720

MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				–	793,890	909,903	942,942	897,368	897,368	1,340,909	1,143,043	1,133,522	
WATER AND SANITATION				–	367,349	390,587	344,726	348,404	348,404	300,669	257,552	254,952	
PUBLIC SAFETY				–	181,813	209,690	275,944	287,262	287,262	228,175	215,449	217,934	
PUBLIC WORKS, ROADS AND TRANSPORT				–	239,038	443,127	408,461	349,098	349,098	442,986	438,562	486,314	
COMMUNITY SERVICES				–	465,098	510,216	472,771	537,584	537,584	456,479	440,055	427,002	
REGIONAL CENTRE COORDINATION				–	20,019	28,952	22,445	41,614	41,614	15,988	15,700	16,648	
LEGAL SERVICES				–	5,444	9,949	2,623	17,531	17,531	4,001	3,650	3,294	
FINANCIAL MANAGEMENT				–	263,221	402,761	244,260	215,849	215,849	289,560	285,286	340,761	
STRATEGIC MANAGEMENT SERVICES				–	32,357	36,395	41,498	38,382	38,382	32,942	33,297	35,018	
CORPORATE SERVICES DEPARTMENT				–	197,741	158,055	163,338	169,084	169,084	129,712	130,960	133,643	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	308,603	74,111	118,333	111,164	111,164	84,338	83,467	119,469	
MUNICIPAL MANAGER				–	93,259	221,688	113,003	110,444	110,444	190,073	191,900	197,018	
OFFICE OF COUNCIL				–	22,092	25,280	28,706	24,092	24,092	23,438	23,763	24,613	
COUNCIL				–	119,545	54,494	70,876	77,235	77,235	79,385	81,021	83,409	
Allocations to other priorities													
Total Expenditure				1	–	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,618,653	3,343,705	3,473,595

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The City targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

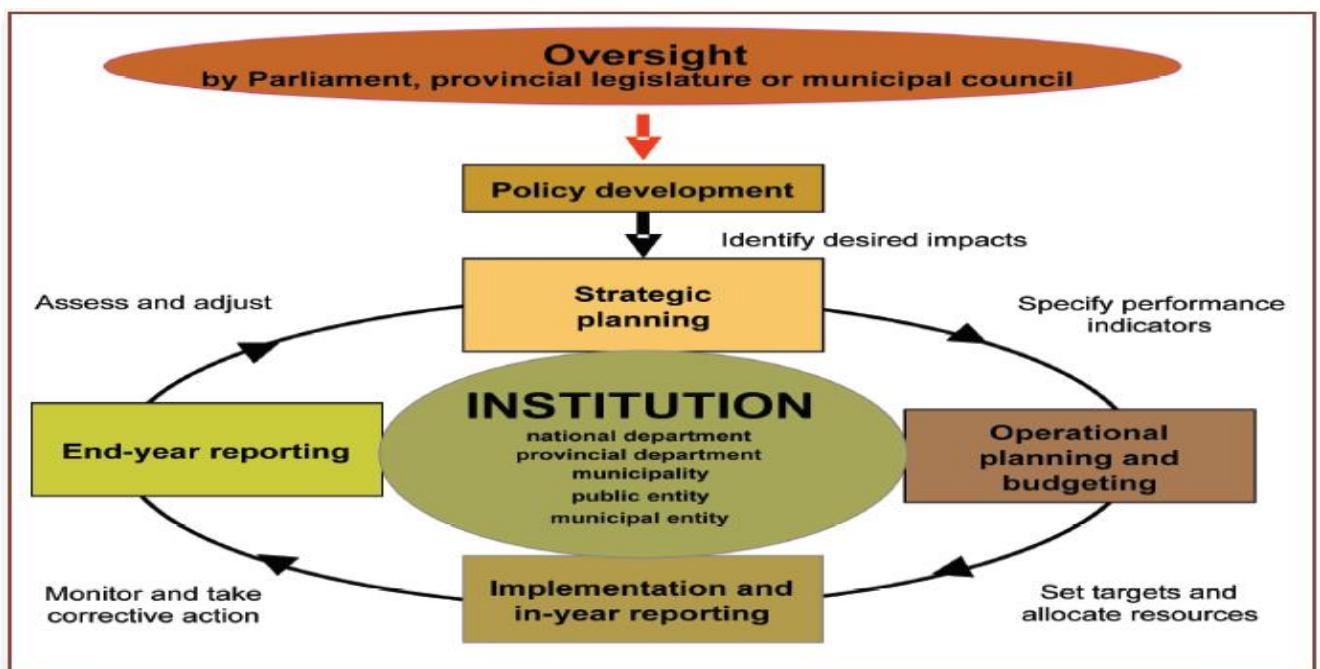


Figure 1 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- (a) Planning (setting goals, objectives, targets and benchmarks);
- (b) Monitoring (regular monitoring and checking on the progress against plan);
- (c) Measurement (indicators of success);
- (d) Review (identifying areas requiring change and improvement);

- (e) Reporting (what information, to whom, from whom, how often and for what purpose); and
- (f) Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the City's main performance objectives and benchmarks for the 2020/2021 MTREF.

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Borrowing Management</u>											
Credit Rating			Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.4%	3.7%	2.3%	2.3%	2.3%	1.7%	1.5%	1.4%	1.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	4.4%	6.3%	3.5%	3.2%	3.2%	2.5%	2.0%	1.8%	1.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.4	0.8	0.9	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.4	0.8	0.9	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	84.5%	85.0%	95.0%	96.7%	96.7%	116.9%	95.7%	95.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	84.5%	84.9%	95.0%	96.7%	96.7%	116.9%	95.7%	95.5%	95.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	13.8%	14.8%	21.0%	22.6%	22.6%	22.1%	16.8%	15.5%	14.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		40.0%	42.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Creditors to Cash and Investments		0.0%	1575.3%	1469.0%	1030.0%	675.6%	675.6%	1044.0%	254.7%	208.8%	175.8%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		119135524	128004811	121604570.5	121604570.5	121604570.5	121604570.5	119172479	109638680.7	103060359.9
	Total Cost of Losses (Rand '000)		106,031	121,605	115,524	115,524	115,524	115,524	113,214	104,157	97,907
	% Volume (units purchased and generated less units sold)/units purchased and generated		16.0%	17.1%	12.1%	12.1%	12.1%	12.1%	10.0%	8.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)		1,015	1,426	1,355	1,355	1,355	1,355	1,287	1,248	1,223
	Total Cost of Losses (Rand '000)		4731946	6955440	6607668	6607668	6607668	6607668	6277284.6	6088966.062	5967186.741
	% Volume (units purchased and generated less units sold)/units purchased and generated		20.5%	25.2%	20.2%	20.2%	20.2%	20.2%	15.5%	12.0%	10.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	32.0%	32.9%	35.3%	32.9%	32.9%	34.9%	33.3%	33.1%	33.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	33.6%	34.3%	36.8%	34.8%	34.8%		34.7%	34.6%	34.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	1.7%	0.1%	0.5%	0.3%	0.3%		2.0%	1.7%	1.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	23.0%	21.0%	20.6%	18.3%	18.3%	17.5%	17.6%	16.6%	15.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	23.9	32.6	29.8	29.8	29.8	29.7	38.0	39.9	42.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	21.6%	22.2%	29.5%	34.1%	34.1%	32.7%	23.9%	22.2%	20.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	0.5	0.5	0.4	0.7	0.7	0.8	1.9	2.2	2.2

2.3.1 Financial performance indicators and benchmarks

(a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a City to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Mbombela borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2020/2021 MTREF.

Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the City. It can be noted that the borrowing asset ratio of City of Mbombela is stable for the medium term.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is zero decreased significantly due to the fact that there's no borrowing anticipated to fund the 2020/2021 capital expenditure.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the City. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2020/2021 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

(b) Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the City's assets. The indicator is based on the total of loans, creditors, and overfinal and tax provisions as a percentage of funds and reserves.

(c) Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/2021 the MTREF the current ratio is 0,9 in the 2020/2021 financial year it will be 1.0 and 1.1 for 2021/2022 and 2022/2023 Going forward it will be necessary to improve these levels or even more.

The liquidity ratio is a measure of the ability of the City to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the City should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2020/2021 financial year the ratio was 0,9 and as part of

the financial planning strategy it will increasing to 1.0 throughout the medium term due to the cash flow situation. This needs to be considered a pertinent risk for the City as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

(d) Revenue Management

As part of the financial sustainability strategy, the City will revise its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the City” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

(e) Creditors Management

The City will continue to work to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the City has managed to ensure a 95 percent compliance rate to this legislative obligation. This will have at least a favourable impact on suppliers’ perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City’s business.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2020/2021 financial year about 11 000 registered indigents will be provided for in the budget. In terms of the City’s indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85l once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2020/2021 medium term capital budget.

The following is briefly the main challenges facing the City in this regard:

- (a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- (b) Shortage of skilled personnel makes proper operations and maintenance difficult;
- (c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- (d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- (a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- (b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training program, especially for operational personnel;
- (c) The Electricity Division is to install dedicated power supply lines to the plants; and
- (d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
- (e) Updating the infrastructure plan of the City.

OVERVIEW OF BUDGET RELATED-POLICIES

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions have been tabled to Council in June 2019 as final policies.

The City has tabled the following Budget Related policies for the financial year 2020/2021;

2.4.1 Virement policy

This is a policy that is developed to manage the shifting of funds within and between departments during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegation of powers.

The Municipal Budget and Reporting Regulations (No 3241), Circular 51 and 89 issued by National Treasury serve as guidelines in the implementation of this policy to enable the tracking and reporting of the shifting of funds.

No proposed Amendments

2.4.2 Budget policy

The budget policy deals mainly with all budget related matters. The objective of the budget policy is to set out the principles which the City will follow in preparing each medium term revenue and expenditure framework budget, to outline the responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence City of Mbombela's IDP review and budget processes.

No proposed Amendments

2.4.3 Credit control and debt collection policy and by-laws

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) is clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

The objectives of the policy are to;

- (a) Provide a framework within the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection.
- (b) Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner.
- (c) Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision making processes of the municipality and that they are informed of the decisions and affairs of the municipality.
- (d) Outline credit control and debt collection policy procedures and mechanisms.

The following are the proposed Amendments.

Continuation of the 1% Payment Incentive Scheme during the 2020/2021 financial year.

The charging of interest on amount due on accounts be charged immediately after the due date.

Interest rate charged at prime plus 1.

2.4.4 Economic investment and promotion policy

The main objective of the policy is to provide a framework for the uniform development of incentives in City of Mbombela that will assist to:

- (a) Attract investment.
- (b) Return existing investment.
- (c) Stimulate and create job opportunities.
- (d) Support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the City. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the City of Mbombela Property Rates by Law in terms of section 9.4.1(b).

2.4.5 Investment policy

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005. All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources, deliberations will be during the workshop proposal for amendments will form part of the final budget.

No Proposed Amendments.

2.4.6 Funding and reserves policy

The policy is required in terms of Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is in accordance with Section 17 and 168 of the Municipal Finance Management Act No. 56 of 2003.

The policy sets out the assumptions and methodology for estimating the following:

- (a) Projected billings, collections and all direct revenues.
- (b) Provision for revenue that will not be collected.
- (c) Funds that the municipality can expect from investments.
- (d) Proceeds the municipality can expect to receive from the transfer or disposal of assets.
- (e) Council's borrowing requirements.
- (f) Funds to be set aside in reserves.

No Proposed Amendments.

2.4.7 Indigent policy

The Department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for City of Mbombela the policy was rationalized to accommodate former Umjindi and approved for implementation in terms item A(2) of 28 February 2017.

The objectives of the policy will be to ensure the following:

- (a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of Council;
- (b) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
- (c) Establishment of a framework for the identification and management of indigent households including a socio –economic analysis and indigent exit strategy;
- (d) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
- (e) To enhance the institutional and financial capacity of the municipality to implement the policy

No Proposed Amendments.

2.4.8 Subsistence and Travelling policy

The policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 Section 34(5)(a).

No Proposed Amendments.

2.4.9 Supply chain management policy

The following amendments have been proposed on the Supply Chain Management policy. These are due to the continuous reforms and guidelines issued by National Treasury.

Section 5 of the policy

Section 5 deals with the system of delegated powers. The clause is amended to enhance the effectiveness of the policy. Sub-section 5, 6 and 7 were added to ensure that the Municipal Manager reviews the systems of delegated powers periodically and tighten controls regarding powers conferred on incumbents in acting responsibilities. The main objective of this section is to ensure that there are no bottlenecks in the implementation of the Supply Chain Management policy whilst addressing the risks of having the municipality incurring irregular expenditure.

Section 10 of the policy

Section 10 deals mainly with the System of Demand Management. Section 10(a) was amended to compel the Accounting Officer to ensure that Demand Management plans are approved prior to the start of the new financial year. This clause will ensure that the Supply Chain Management Unit facilitates the implementation of projects timely.

Section 20 of the policy

Section 20 of the policy deals with the competitive bidding processes. Section 20 (g) was amended to include the guidelines of MFMA circular number 62 issued by National Treasury. The amendments will compel the Accounting Officer to implement processes and procedures to ensure compliance with the guidelines issued by the National Treasury.

The amendments will ensure that proper monitoring procedures are implemented to ensure sound contract and project manager to ensure effective planning and value of money. Contracts awarded in line with supply chain management policy can only be varied or amended to a specific threshold.

Section 31 of the policy

Section 31 of the policy deals with the procurement of Banking Services. Section 31(4)(5) were included. The amendments of these sections to the policy will ensure a clear distinction between contracts that have budgetary implications beyond the municipal's Medium Term Revenue and Expenditure Framework (MTREF) period.

This policy will in future exclude the procurement of banking services from the requirements of MFMA section 33. The reason for the exclusion is based on the fact that although the duration of banking services is regulated by the SCM regulations to be beyond the MTREF, banking service is rates based and not imposing financial obligations to the municipality beyond the period stipulated in section 33 of the MFMA.

Section 33 of the policy

Section 33 of the policy deals mainly with the procurement of goods and services under contracts secured by other organs of state. Section 33 (2)(5) have been added. The main objectives of the added section is to enhance and Supply Chain Management processes. This policy will in future compel the accounting Officer to subject all regulation 32 contracts to the bid Adjudication Committee for recommendations.

Section 36 of the policy

Section 36 of the policy deals with the appointment of consultants. This Policy will in future compels the Accounting Officer to consider internal mechanisms prior to the implementation of outsourced mechanisms. The amendments will ensure that value for money is achieved and form part of cost curtailment currently implemented by the municipality.

Section 40 of the policy

Section 40 deals mainly with the logistic management of the Supply Chain. Section 40 (4)(5)(6) was added into this policy. The amendments will enhance controls in the municipal stores and ensure than the municipal stores only keep stock that is necessary for service delivery. The proper implementation of the amendments will ensure that the municipality reduces the costs of storing materials and improve the cash flow of the municipality.

2.4.11 Contract management policy

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of section 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments

will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

2.4.12 Property rates policy and by law

The City has compiled a General Valuation roll which serves as a basis for the implementation of the Municipal Property Rates Act. This has necessitated the City to propose amendments to the property rates policy for 2020/2021 financial year as follows;

A general rate (cent amount in a rand) would be increase by 6 percent for the 2020/2021 financial year.

The proposed changes are as follows;

DESCRIPTION	CURRENT (2019-2020)	PROPOSED (2020-2021)
GENERAL RATE	0.006920	0.00734
<u>RATES RATIOS</u>		
RESIDENTIAL	1: 1	1: 1
BUSINESS	1: 2.25	1: 2.25
INDUSTRIAL	1: 2.25	1: 2.25
AGRICULTURAL	1: 0.25	1: 0.25
STATE/GOVERNMENT	1: 3	1: 3
PUBLIC SERVICE	1: 0.25	1: 0.25
INFRASTRUCTURE	1: 0.25	1: 0.25
PUBLIC BENEFIT ORGANISATION	1: 2.25	1: 2.25
MINING	1 : 1.5	1 : 1.5
OTHER		

(B) The proposed cent in a rand (tariff increase) for the 2020/2021 financial year will be as follows

DESCRIPTION	CURRENT (2019-2020)	PROPOSED (2020-2021)
GENERAL RATE	0.006920	0.00734
<u>RATES RATIOS</u>		
RESIDENTIAL	0.00692	0.00734
BUSINESS	0.01557	0.01650
INDUSTRIAL	0.01557	0.01650
AGRICULTURAL	0.00173	0.00183
STATE/GOVERNMENT	0.02076	0.02201
PUBLIC SERVICE	0.00173	0.00183
INFRASTRUCTURE	0.00173	0.00183
PUBLIC BENEFIT ORGANISATION	0.00173	0.00183
MINING	0.01557	0.01650
OTHER	0.01038	0.01100

(d) The proposed rebates threshold increase for senior citizens for the 2020/2021 financial year

REBATES FOR SENIOR CITIZEN					
CURRENT (2019-2020)			PROPOSED (2020-2021)		
FROM	TO	% REBATE	FROM	TO	% REBATE
R 0.00	R 135 300	100	R 0.00	R 136 750	100
R 135 301	R 169 125	75	R 136751	R 170 938	75
R 169 126	R 211 406	50	R 170 939	R 213 672	50
ABOVE	R 211 407	25	ABOVE	R 213 672	25

2.4.13 Tariff policy and by law

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of Section 75 are part of the budget related policies that must be reviewed annually.

The objective of the tariff policy is to ensure that:

- (a) The tariffs approved during the Budget process by council to fund services must be consistent with this policy.
- (b) The municipal services are financially sustainable, affordable and equitable.
- (c) The needs of the poor households are taken into consideration.
- (d) There is consistency in how tariffs are applied throughout the municipality

The Proposed Amendments as follows;

Chapter 1, clause 6.6 be inserted to read as follows:

6.6 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.

(c) Chapter 6, clause 3(i)(c) to be amended and read as follows

(c)Where the customer uses more than 30 MWh per month, a time of use (TOU) tariff may be applied. This tariff shall consist of a fixed, multi energy, reactive energy, demand, and network charge, per Eskom's determined time periods and seasons

2.4.14 Asset management policy

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted. The Asset Management Policy provides direction for the management, accounting and control of Fixed Assets owned or controlled by the Council

Assessing disposals

The Disposal Committee is responsible for assessing the list of assets earmarked for disposals prepared by the asset management section. The Disposal Committee shall also consider the following factors:

- (i) Whether there are net disposal benefits, either in financial or other forms.
- (ii) Whether there is secondary service obligations associated with the asset which dictates its retention.
- (iii) Whether a disposal can be carried out without adverse impacts on the physical environment.

In assessing the benefits of disposal, the advantages and disadvantages for the entire municipality, not just the user department, must be considered.

Disposals need not always be for a financial gain. Other opportunities and gains should also be taken into consideration, for example;

- (i) Swapping one asset for another
- (ii) Construction of a facility for the municipality in return for the asset.

Disposal Committee shall be responsible for advising the Municipal Manager and Council on the disposal and writing off of assets after;

- (i) Deciding on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- (ii) Consideration of the fair market value of the asset and the economic and community value to be received in exchange for the asset.

Section 9.4 of the policy: Method of disposal

Disposal of an asset should be performed in a manner which satisfies the following objectives

- (i) The disposal should take place on an equitable basis. There should be an equal opportunity for all, to purchase the asset.
- (ii) The best possible return for the municipality must be achieved.
- (iii) Any adverse environmental impacts should be avoided.

The disposal committee should document the basis of the decision taken to dispose off, an asset and clear basis of the method of disposal decided upon.

Section 9.5 of the policy: Disposal management

- (1) The system of disposal management for the disposal or alienation of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, is as follows:
- (2) The disposal or alienation of assets must:
 - (a) Be through one of the following methods:
 - (i) transferring the asset to another organ of state in terms of a provisions for the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) the alienation of the asset; or
 - (iv) destroying the asset, after taking into account re-cycling;
 - (b) Provided that:
 - (i) immovable property may be sold only through a competitive bidding process except when the public interest or the plight of the poor demands otherwise and the disposal committee has unanimously agreed on an alternative method, in such a case reasons of different method must be recorded;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment;
 - (c) Furthermore ensure that immovable property is alienated at market related values, except when the public interest or plight of the poor demands otherwise; and or

Non-current asset held for sale will be deleted in line with the updated Generally Recognised Accounting Practice Standard 100.

2.4.15 Insurance policy

The main objective of the insurance policy is to:

- (a) Create awareness to all employees of the risks associated with all insurable interests
- (b) Ensure reasonable steps are taken to mitigate and minimise all risks
- (c) Identify all potential risks and enforce risk control measures
- (d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets.

No Proposed Amendments

2.4.16 Deposit and refunds policy

The policy deals with issues of consumer deposits and refunds has been developed.

The refunds include monies paid into the municipal bank account which must be for acceptable reasons be refunded.

No Proposed Amendments

2.4.17 Proof of residence policy

The policy will guide the operations in the issue of “Proof of Residence” has been developed. This policy will be applicable for formalised and non-formalised areas within the jurisdiction of City of Mbombela.

No Proposed Amendments

2.4.18 Liquidity Policy

The objective of the policy is to ensure liquidity management in so far as maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure.

No Proposed Amendments

2.4.19 Recruitment, Selection and Induction Policy

No Proposed Amendments

2.4.20 Overtime Policy

No Proposed Amendments

2.4.21 Supplier Performance Policy

No Proposed Amendments

2.4.22 Payroll Policy

No Proposed Amendments

2.4.23 Fleet Management Policy

No Proposed Amendments

2.4.24 Asset Management Policy

2.5

OVERVIEW OF BUDGET FUNDING

2.5.6 Funding compliance measurement

National Treasury requires that the City assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the City. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.6.4 Funding Compliance measures

The cash and cash equivalents as reflected on table A7 indicates that the City will have a positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R215 million, R457 million and R689 million for each year respectively.

2.6.5 Cash and cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A "positive" cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the City's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/2021 MTREF shows R215 million, R457 million and R689 million for each respective financial year.

2.6.6 Cash plus investments less application of funds

The purpose of this measure is to understand how the City has applied the available cash and investments as identified in the budgeted cash flow statement. The detail

reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.7 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the City be under financial setbacks/risk from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the City be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.8 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the City's resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For 2020/2021 MTREF the indicative outcome is a surplus/deficit of –R37 million, R359 million and R709 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.9 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the City is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.10 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 80 per cent, 90. Percent and 90, percent for each of the

respective financial years. Given that the assumed collection rate is based on an 80 percent performance target, the cash flow statement has been conservatively determined.

2.6.11 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 20 percent in 2020/2021 decreased to 20 percent in 2021/2022 and 20 percent in 2022/2023.

2.6.12 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The City aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.13 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a City's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that no borrowing planned for the medium term.

2.6.14 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.15 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors' accounts within 30 days.

2.6 BUDGET SUPPORTING TABLES

The 2020/2021 final budget supporting tables are enlisted below;

MP326 City of Mbombela - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates			686,311	911,986	705,495	705,495	705,495	715,859	747,824	792,694	840,255
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)											
			–	220,176	280,267	63,135	63,135	63,135	60,045	66,923	70,938
Net Property Rates			–	466,134	631,719	642,360	642,360	642,360	655,814	680,902	721,756
Service charges - electricity revenue	6										
Total Service charges - electricity revenue			872,359	995,129	1,119,078	1,119,078	1,119,078	1,064,074	1,188,685	1,262,621	1,341,156
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)			–	52	24	(26)	(26)	(26)	(27)	(29)	(31)
Net Service charges - electricity revenue			–	872,307	995,106	1,119,104	1,119,104	1,119,104	1,064,074	1,188,712	1,262,650
Service charges - water revenue	6										
Total Service charges - water revenue			94,756	103,692	111,491	111,491	111,491	103,883	118,180	125,271	132,787
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)			–	6,101	–	–	–	–	–	–	–
Net Service charges - water revenue			–	88,654	103,692	111,491	111,491	111,491	103,883	118,180	125,271
Service charges - sanitation revenue											
Total Service charges - sanitation revenue			27,222	21,873	23,826	23,826	23,826	22,505	25,255	26,771	28,377
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)			–	–	–	–	–	–	–	–	–
Net Service charges - sanitation revenue			–	27,222	21,873	23,826	23,826	23,826	22,505	25,255	26,771
Service charges - refuse revenue	6										
Total refuse removal revenue			–	100,727	121,157	130,556	130,556	130,556	130,180	138,390	146,693
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)			–	–	–	–	–	–	–	–	–
Net Service charges - refuse revenue			–	100,727	121,157	130,556	130,556	130,556	130,180	138,390	146,693
Other Revenue by source											
Fuel Levy											
Other Revenue			–	36,720	54,264	53,432	54,340	54,340	49,092	57,601	61,057
Total 'Other' Revenue	1		–	36,720	54,264	53,432	54,340	54,340	49,092	57,601	61,057

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	-	427,258	493,892	599,543	599,491	599,491	583,563	626,145	626,352	671,175
Pension and UIF Contributions		-	87,843	99,428	112,920	112,920	112,920	111,513	118,558	126,257	135,516
Medical Aid Contributions		-	37,920	40,403	51,613	51,613	51,613	45,434	46,349	49,593	53,313
Overtime		-	92,155	119,784	110,569	110,569	110,569	119,053	120,682	117,596	125,657
Performance Bonus		-	34,328	39,662	29,821	29,821	29,821	42,149	36,711	39,281	42,227
Motor Vehicle Allowance		-	43,011	49,767	57,900	57,900	57,900	53,332	53,398	57,136	61,421
Cellphone Allowance		-	4,807	5,237	6,397	6,397	6,397	6,157	5,776	6,180	6,644
Housing Allowances		-	3,331	3,902	4,355	4,355	4,355	5,740	6,102	6,529	7,019
Other benefits and allowances		-	28,334	33,392	37,364	37,364	37,364	39,951	50,381	53,908	57,951
Payments in lieu of leave		-	6,251	9,117	-	-	-	1,435	1,126	1,205	1,295
Long service awards											
Post-retirement benefit obligations	4	-	28,469	42,366	-	-	-	38,218	21,408	25,906	30,485
sub-total	5	-	793,706	936,949	1,010,483	1,010,430	1,010,430	1,046,544	1,086,635	1,109,943	1,192,702
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	-	793,706	936,949	1,010,483	1,010,430	1,010,430	1,046,544	1,086,635	1,109,943	1,192,702
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		-	501,707	505,340	544,578	514,529	514,529	506,625	515,314	525,620	546,645
Lease amortisation		-	1,167	1,241	1,006	969	969	1,232	1,253	1,278	1,329
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	-	502,874	506,580	545,585	515,498	515,498	507,857	516,567	526,898	547,974
Bulk purchases											
Electricity Bulk Purchases		-	666,786	708,307	792,241	757,954	757,954	700,478	813,791	822,085	895,251
Water Bulk Purchases		-	40,026	37,993	47,221	47,221	47,221	29,621	49,346	51,616	53,991
Total bulk purchases	1	-	706,812	746,300	839,462	805,175	805,175	730,098	863,137	873,701	949,241
Transfers and grants											
Cash transfers and grants		-	30,189	39,791	29,009	836	836	770	1,300	700	700
Non-cash transfers and grants		-	1,723	413	3,661	3,686	3,686	4,364	780	620	620
Total transfers and grants	1	-	31,912	40,205	32,670	4,522	4,522	5,134	2,080	1,320	1,320
Contracted services											
Outsourced Services		-	179,051	185,076	169,943	156,545	156,545	148,503	150,495	136,870	119,758
Consultants and Professional Services		-	206,175	276,623	155,346	255,956	255,956	244,373	154,296	130,585	115,751
Contractors		-	133,628	165,817	81,534	88,980	88,980	79,633	120,504	63,774	55,775
Total contracted services		-	518,854	627,515	406,824	501,481	501,481	472,509	425,294	331,229	291,283
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions		-	-	-	-	49	49	49	50	45	41
Audit fees		-	6,144	8,061	4,471	4,527	4,527	4,522	5,000	4,500	4,050
Other Expenditure		-	233,905	235,998	159,704	135,849	135,849	184,928	157,370	140,833	126,850
Total 'Other' Expenditure	1	-	240,049	244,059	164,175	140,425	140,425	189,499	162,420	145,378	130,940
Repairs and Maintenance		8									
Employee related costs											
Other materials		-	4,107	270	5,731	3,567	3,567	3,518	3,220	2,898	2,463
Contracted Services		-	4,229	3,632	8,926	4,012	4,012	3,688	172,169	118,687	100,552
Other Expenditure		-	33,232	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	-	41,568	3,902	14,657	7,580	7,580	7,206	175,389	121,585	103,015

MP326 City of Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Ref	Vote 01 - Council	Vote 02 - Office Of Council	Vote 03 - Municipal Manager	Vote 04 - City Planning And Development	Vote 05 - Corporate Services Department	Vote 06 - Strategic Management Services	Vote 07 - Financial Management	Vote 08 - Legal Services	Vote 09 - Regional Centre Coordinatio	Vote 10 - Community Services	Vote 11 - Public Works, Roads And	Vote 12 - Public Safety	Vote 13 - Water And Sanitation	Vote 14 - Energy	Vote 15 - Other	Total
R thousand	1																
Revenue By Source																	
Property rates		-	-	-	-	-	-	680,902	-	-	-	-	-	-	-	-	680,902
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	118	1,188,595	-	1,188,712
Service charges - water revenue		-	-	4,879	-	-	-	-	-	-	-	-	-	113,301	-	-	118,180
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	25,255	-	-	25,255
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	138,390	-	-	-	-	-	138,390
Rental of facilities and equipment		-	-	3,029	2,138	676	-	-	-	-	2,054	-	1,075	-	-	-	8,972
Interest earned - external investments		-	-	-	-	-	-	6,329	-	-	0	-	-	-	-	-	6,329
Interest earned - outstanding debtors		-	-	-	-	-	-	39,586	-	-	-	-	-	-	-	-	39,586
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	6	-	-	0	-	-	-	652	-	-	1	-	7,885	-	41	-	8,585
Licences and permits		-	-	-	42	-	-	-	-	-	-	-	6,589	-	-	-	6,631
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	692	1,895	7,773	22	-	46,347	-	-	749	-	119	-	3	-	57,601
Transfers and subsidies		-	-	-	-	-	-	120,587	-	-	139,369	4,244	-	524,476	145,674	-	934,350
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		6	692	9,803	9,954	698	-	894,402	-	-	280,562	4,244	15,668	663,150	1,334,312	-	3,213,492
Expenditure By Type																	
Employee related costs		9,096	17,636	42,537	56,510	71,510	28,134	131,430	865	5,763	306,448	107,769	160,515	95,609	52,814	-	1,086,635
Remuneration of councillors		63,593	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,593
Debt impairment		-	-	-	-	-	-	21,235	-	-	26,081	-	3,373	4,092	375,506	-	430,288
Depreciation & asset impairment		-	-	117,473	11	1,253	-	70,313	-	-	20,571	242,449	7,926	-	56,572	-	516,567
Finance charges		-	41	30	1,770	45	-	108	-	-	2,324	15,490	124	2,482	5,564	-	27,978
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	49,346	813,791	-	863,137
Other materials		741	591	605	545	305	355	7,780	30	360	7,420	5,570	4,423	4,775	7,160	-	40,660
Contracted services		1,525	190	10,020	22,995	15,896	530	33,061	3,000	9,400	90,459	69,563	47,547	103,230	17,879	-	425,294
Transfers and subsidies		-	150	50	800	500	200	-	-	30	-	-	350	-	-	-	2,080
Other expenditure		4,430	4,830	19,359	1,707	40,203	3,723	25,633	106	435	3,176	2,145	3,917	41,134	11,622	-	162,420
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		79,385	23,438	190,073	84,338	129,712	32,942	289,560	4,001	15,988	456,479	442,986	228,175	300,669	1,340,909	-	3,618,653
Surplus/(Deficit)		(79,379)	(22,745)	(180,270)	(74,384)	(129,014)	(32,942)	604,842	(4,001)	(15,988)	(175,916)	(438,742)	(212,506)	362,481	(6,597)	-	(405,161)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)								-			-	333,883		-	34,204		368,087
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)								-			-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(79,379)	(22,745)	(180,270)	(74,384)	(129,014)	(32,942)	604,842	(4,001)	(15,988)	(175,916)	(104,859)	(212,506)	362,481	27,607	-	(37,074)

MP326 City of Mbombela - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Consumer debtors											
Consumer debtors	2	-	358,605	681,951	421,465	514,965	514,965	625,470	286,474	275,467	273,776
Less: Provision for debt impairment		-	(99,995)	(383,015)	-	-	-	(433,383)	-	-	-
Total Consumer debtors		-	258,610	298,936	421,465	514,965	514,965	192,088	286,474	275,467	273,776
Debt impairment provision											
Balance at the beginning of the year		-	(297,741)	(117,143)	-	-	-	(191,922)	-	-	-
Contributions to the provision		-	180,597	(74,778)	-	-	-	(138,687)	-	-	-
Bad debts written off		-	17,149	(191,093)	-	-	-	(102,774)	-	-	-
Balance at end of year		-	(99,995)	(383,015)	-	-	-	(433,383)	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	-	11,398,436	12,023,263	6,607,661	6,749,160	6,749,160	12,521,697	6,722,784	6,782,672	7,066,129
Leases recognised as PPE		-	7,005	8,070	550	550	550	8,254	-	-	-
Less: Accumulated depreciation		-	4,209,642	4,837,920	(887,060)	(887,060)	(887,060)	5,342,426	(528,433)	(528,433)	(528,433)
Total Property, plant and equipment (PPE)	2	-	7,195,800	7,193,413	7,495,271	7,636,770	7,636,770	7,187,524	7,251,217	7,311,105	7,594,562
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)	5	-	62,976	56,019	29,971	29,971	29,971	37,904	41,168	41,168	41,168
Current portion of long-term liabilities		-	62,976	56,019	29,971	29,971	29,971	37,904	41,168	41,168	41,168
Total Current liabilities - Borrowing		-	62,976	56,019	29,971	29,971	29,971	37,904	41,168	41,168	41,168
Trade and other payables											
Trade Payables		-	1,479,222	1,851,678	892,975	1,001,225	1,001,225	1,707,973	1,000,000	1,300,000	1,200,000
Other creditors		-	-	13,659	-	-	-	14,909	-	-	-
Unspent conditional transfers		-	148,708	101,913	-	-	-	252,852	-	-	-
VAT	2	-	(26,529)	(12,833)	-	-	-	18,351	-	-	-
Total Trade and other payables		-	1,601,401	1,954,417	892,975	1,001,225	1,001,225	1,994,085	1,000,000	1,300,000	1,200,000
Non current liabilities - Borrowing											
Borrowing	4	-	242,010	213,180	207,730	207,730	207,730	203,722	207,730	175,361	139,755
Finance leases (including PPP asset element)		-	1,410	234	-	-	-	234	-	-	-
Total Non current liabilities - Borrowing		-	243,420	213,414	207,730	207,730	207,730	203,956	207,730	175,361	139,755
Provisions - non-current											
Retirement benefits	1	-	144,779	163,513	-	-	-	184,554	-	-	-
Refuse landfill site rehabilitation		-	153,913	171,392	321,087	1,143,163	1,143,163	171,392	321,087	327,508	330,784
Other		-	53,791	67,752	-	-	-	67,281	-	-	-
Total Provisions - non-current		-	352,483	402,657	321,087	1,143,163	1,143,163	423,226	321,087	327,508	330,784
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance	1	-	4,945,894	5,688,052	6,871,153	6,217,939	6,217,939	5,411,169	6,756,731	6,381,111	6,683,202
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	4,945,894	5,688,052	6,871,153	6,217,939	6,217,939	5,411,169	6,756,731	6,381,111	6,683,202
Surplus/(Deficit)		-	(184,490)	(199,583)	197,322	538,377	538,377	(25,759)	(37,074)	358,935	708,757
Transfers to/from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	(86,614)	(77,300)	-	-	-	(6,694)	-	-	-
Accumulated Surplus/(Deficit)		-	4,674,790	5,411,169	7,068,475	6,756,316	6,756,316	5,378,716	6,719,657	6,740,046	7,391,959
Reserves											
Housing Development Fund	2	-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	4,674,790	5,411,169	7,068,475	6,756,316	6,756,316	5,378,716	6,719,657	6,740,046	7,391,959

MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Municipal Strategic Framework - Supporting Plans and Recommendations for 2016/17 Strategic Objectives and Budget (Revenue)												
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
ENERGY				-	886,749	1,000,130	1,119,034	1,119,034	1,119,034	1,334,312	1,423,763	1,514,643
WATER AND SANITATION				-	119,648	120,718	130,824	130,824	130,824	663,150	574,115	621,993
PUBLIC SAFETY				-	44,715	54,074	8,565	206,781	206,781	15,668	16,608	17,605
PUBLIC WORKS, ROADS AND TRANSPORT				-	140,952	146,202	5,836	5,836	5,836	4,244	-	-
COMMUNITY SERVICES				-	106,456	130,990	133,002	133,202	133,202	280,562	302,556	325,727
REGIONAL CENTRE COORDINATION				-	-	-	-	-	-	-	-	-
LEGAL SERVICES				-	-	-	-	-	-	-	-	-
FINANCIAL MANAGEMENT				-	1,158,232	1,373,106	1,428,589	1,459,170	1,459,170	894,402	954,200	1,014,984
STRATEGIC MANAGEMENT SERVICES				-	-	-	-	-	-	-	-	-
CORPORATE SERVICES DEPARTMENT				-	1,857	659	658	658	658	698	740	784
CITY PLANNING AND DEVELOPMENT DEPARTMENT				-	13,005	11,848	28,151	9,391	9,391	9,954	10,551	11,184
MUNICIPAL MANAGER				-	6,349	8,150	9,248	9,248	9,248	9,803	10,391	11,015
OFFICE OF COUNCIL				-	-	-	653	653	653	692	734	778
COUNCIL				-	(6)	(2)	6	6	6	6	7	7
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	-	2,477,958	2,845,876	2,864,567	3,074,804	3,074,804	3,213,492	3,293,665	3,518,720

MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				–	793,890	909,903	942,942	897,368	897,368	1,340,909	1,143,043	1,133,522	
WATER AND SANITATION				–	367,349	390,587	344,726	348,404	348,404	300,669	257,552	254,952	
PUBLIC SAFETY				–	181,813	209,690	275,944	287,262	287,262	228,175	215,449	217,934	
PUBLIC WORKS, ROADS AND TRANSPORT				–	239,038	443,127	408,461	349,098	349,098	442,986	438,562	486,314	
COMMUNITY SERVICES				–	465,098	510,216	472,771	537,584	537,584	456,479	440,055	427,002	
REGIONAL CENTRE COORDINATION				–	20,019	28,952	22,445	41,614	41,614	15,988	15,700	16,648	
LEGAL SERVICES				–	5,444	9,949	2,623	17,531	17,531	4,001	3,650	3,294	
FINANCIAL MANAGEMENT				–	263,221	402,761	244,260	215,849	215,849	289,560	285,286	340,761	
STRATEGIC MANAGEMENT SERVICES				–	32,357	36,395	41,498	38,382	38,382	32,942	33,297	35,018	
CORPORATE SERVICES DEPARTMENT				–	197,741	158,055	163,338	169,084	169,084	129,712	130,960	133,643	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	308,603	74,111	118,333	111,164	111,164	84,338	83,467	119,469	
MUNICIPAL MANAGER				–	93,259	221,688	113,003	110,444	110,444	190,073	191,900	197,018	
OFFICE OF COUNCIL				–	22,092	25,280	28,706	24,092	24,092	23,438	23,763	24,613	
COUNCIL				–	119,545	54,494	70,876	77,235	77,235	79,385	81,021	83,409	
Allocations to other priorities													
Total Expenditure				1	–	3,109,470	3,475,208	3,249,926	3,225,109	3,225,109	3,618,653	3,343,705	3,473,595

MP326 City of Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
ENERGY				-	19,551	601	51,510	54,445	54,445	49,704	50,000	58,000
WATER AND SANITATION				-	39,883	25,174	108,674	171,994	171,994	69,200	54,000	317,270
PUBLIC SAFETY				-	333	-	200	5,902	5,902	1,000	1,700	2,000
PUBLIC WORKS, ROADS AND TRANSPORT				-	37,918	105,530	455,498	540,516	540,516	274,683	351,975	368,862
COMMUNITY SERVICES				-	915	2,600	8,900	8,917	8,917	5,500	4,300	800
REGIONAL CENTRE COORDINATION				-	163	404	1,400	1,389	1,389	400	-	-
FINANCIAL MANAGEMENT				-	6,007	17,171	14,000	6,623	6,623	2,000	-	-
STRATEGIC MANAGEMENT SERVICES				-	306	-	-	-	-	-	-	-
CORPORATE SERVICES DEPARTMENT				-	1,721	955	23,900	7,782	7,782	3,100	-	-
CITY PLANNING AND DEVELOPMENT DEPARTMENT				-	(6,675)	746	18,000	345	345	4,600	5,000	3,500
MUNICIPAL MANAGER				-	-	-	-	-	-	-	-	-
OFFICE OF COUNCIL				-	-	-	280	830	830	-	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	-	100,123	153,181	682,362	798,743	798,743	410,187	466,975	750,432

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating			Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.1%	2.7%	1.4%	1.4%	1.4%	1.5%	0.8%	0.8%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	3.9%	4.6%	2.1%	2.0%	2.0%	2.4%	1.2%	1.1%	0.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	493.4%	302.3%	161.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.3	0.7	0.7	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.3	0.7	0.7	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.1	0.1	0.1	0.1	0.1	0.0	0.2	0.3	0.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.2%	-0.1%	-0.1%	0.0%	0.0%	0.0%	9.2%	9.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.2%	9.2%	9.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	13.8%	14.8%	21.0%	22.6%	22.6%	16.6%	16.2%	15.7%	14.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		40.0%	42.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	80.0%	90.0%	90.0%
Creditors to Cash and Investments		0.0%	17794.2%	-95.7%	-179326.4%	0.0%	0.0%	-89.8%	463.4%	192.9%	88.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		119135524	128004811	121604570.5	121604570.5	121604570.5	121604570.5	119172479	109638680.7	103060359.9
	Total Cost of Losses (Rand '000)		106,031	121,605	115,524	115,524	115,524	115,524	113,214	104,157	97,907
	% Volume (units purchased and generated less units sold)/units purchased and generated		16.0%	17.1%	12.1%	12.1%	12.1%	12.1%	10.0%	8.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)		1,015	1,426	1,355	1,355	1,355	1,355	1,287	1,248	1,223
	Total Cost of Losses (Rand '000)		4731946	6955440	6607668	6607668	6607668	6607668	6277284.6	6088966.062	5967186.741
	% Volume (units purchased and generated less units sold)/units purchased and generated		20.5%	25.2%	20.2%	20.2%	20.2%	20.2%	15.5%	12.0%	10.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	32.0%	32.9%	35.3%	32.9%	32.9%	36.7%	33.8%	33.7%	33.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	33.6%	34.3%	36.8%	34.8%	34.8%		35.8%	35.7%	35.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	1.7%	0.1%	0.5%	0.2%	0.2%		5.5%	3.7%	2.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	23.0%	21.0%	20.6%	18.3%	18.3%	19.6%	16.9%	16.8%	16.1%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	934.7	–	–	–	–	–	–	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	21.6%	22.2%	29.5%	34.1%	34.1%	23.8%	24.1%	22.5%	21.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	0.0	(8.3)	(0.0)	–	–	(8.6)	0.9	3.0	5.8

MP326 City of Mbombela Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	93,903	126,051	86,698	148,202	148,202	148,202	215,047	457,458	688,825
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	(241,270)	(245,950)	101,289
Cash year end/monthly employee/supplier payments	18(1)b	3	–	0.5	0.5	0.4	0.7	0.7	0.8	0.9	2.0	2.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	(184,490)	(199,583)	197,322	520,074	520,074	235,942	(37,074)	358,935	708,757
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	14.5%	2.2%	(6.0%)	(6.0%)	(23.3%)	0.1%	0.1%	0.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	88.8%	85.1%	93.8%	95.0%	95.0%	125.6%	80.0%	90.0%	90.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	10.3%	10.3%	5.3%	4.9%	4.9%	5.2%	20.0%	10.0%	10.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	480.4%	297.5%	90.0%	79.4%	79.4%	153.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								99.7%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	24.0%	43.6%	15.6%	0.0%	(20.8%)	(25.1%)	(0.8%)	1.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(33.3%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.6%	0.1%	0.2%	0.1%	0.1%	0.9%	0.8%	0.8%	0.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%		1.7%	4.7%	2.7%	2.7%	0.0%	2.9%	2.1%	4.0%
References												
1. Positive cash balances indicative of minimum compliance - subject to 2												
2. Deduct cash and investment applications (defined) from cash balances												
3. Indicative of sufficient liquidity to meet average monthly operating payments												
4. Indicative of funded operational requirements												
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)												
6. Realistic average cash collection forecasts as % of annual billed revenue												
7. Realistic average increase in debt impairment (doubtful debt) provision												
8. Indicative of planned capital expenditure level & cash payment timing												
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing												
10. Substantiation of National/Province allocations included in budget												
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)												
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)												
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection												
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection												
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			0.0%	20.5%	8.2%	0.0%	0.0%	(17.3%)	6.1%	6.1%	6.1%
% incr Property Tax	18(1)a			0.0%	35.5%	1.7%	0.0%	0.0%	(14.7%)	6.0%	6.0%	6.0%
% incr Service charges - electricity revenue	18(1)a			0.0%	14.1%	12.5%	0.0%	0.0%	(18.4%)	6.2%	6.2%	6.2%
% incr Service charges - water revenue	18(1)a			0.0%	17.0%	7.5%	0.0%	0.0%	(21.3%)	6.0%	6.0%	6.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	(19.6%)	8.9%	0.0%	0.0%	(18.1%)	6.0%	6.0%	6.0%
% incr Service charges - refuse revenue	18(1)a			0.0%	20.3%	7.8%	0.0%	0.0%	(16.9%)	6.0%	6.0%	6.0%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	1,555,044	1,873,547	2,027,337	2,027,337	2,027,337	1,677,428	2,151,439	2,283,141	2,422,907
Service charges			–	1,555,044	1,873,547	2,027,337	2,027,337	2,027,337	1,677,428	2,151,439	2,283,141	2,422,907
Property rates			–	466,134	631,719	642,360	642,360	642,360	548,250	680,902	721,756	765,061
Service charges - electricity revenue			–	872,307	995,106	1,119,104	1,119,104	1,119,104	913,427	1,188,712	1,262,650	1,341,187
Service charges - water revenue			–	88,654	103,692	111,491	111,491	111,491	87,768	118,180	125,271	132,787
Service charges - sanitation revenue			–	27,222	21,873	23,826	23,826	23,826	19,506	25,255	26,771	28,377
Service charges - refuse removal			–	100,727	121,157	130,556	130,556	130,556	108,477	138,390	146,693	155,495
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			–	9,878	11,676	8,464	8,464	8,464	5,074	8,972	9,510	10,080
Capital expenditure excluding capital grant funding			–	12,661	71,445	101,680	97,061	97,061	33,190	42,100	58,000	86,800
Cash receipts from ratepayers	18(1)a		–	1,502,938	1,720,438	1,992,466	2,217,149	2,217,149	2,217,149	1,818,251	2,170,618	2,303,355
Ratepayer & Other revenue	18(1)a		–	1,693,173	2,022,415	2,124,677	2,333,841	2,333,841	1,765,833	2,272,814	2,411,798	2,559,283
Change in consumer debtors (current and non-current)			288,957	341,183	79,653	180,031	273,531	273,531	131,479	(81,021)	(4,006)	5,520
Operating and Capital Grant Revenue	18(1)a		–	1,219,983	1,234,680	1,316,243	1,403,043	1,403,043	1,125,378	1,302,437	1,283,881	1,615,411
Capital expenditure - total	20(1)(vi)		–	100,123	153,181	682,362	774,543	774,543	399,875	410,444	466,975	750,432
Capital expenditure - renewal	20(1)(vi)		–	178	2,677	31,939	20,733	20,733		12,000	10,000	30,000
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										927,606	874,906	951,779
DoRA capital grants total MFY										378,344	408,975	663,632
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										1,305,950	1,283,881	1,615,411
Average annual collection rate (arrears inclusive)												

DoRA operating												
TOTAL OPEX GRANTS										934,350	874,906	951,779
										934,350	874,906	951,779
TOTAL CAPEXS GRANTS										368,087	408,975	663,632
										368,087	408,975	663,632
Trend												
Change in consumer debtors (current and non-current)												
			288,957	341,183	79,653	131,479	(81,021)	(4,006)	5,520	-	-	-
Total Operating Revenue												
		-	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	2,502,159	3,213,492	3,293,665	3,518,720	
Total Operating Expenditure												
		-	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	2,659,623	3,618,653	3,343,705	3,473,595	
Operating Performance Surplus/(Deficit)												
		-	(631,512)	(629,333)	(385,360)	(149,408)	(149,408)	(157,464)	(405,161)	(50,040)	45,125	
Cash and Cash Equivalents (30 June 2012)												
									215,047			
Revenue												
% Increase in Total Operating Revenue			0.0%	14.8%	0.7%	7.3%	0.0%	(18.6%)	4.5%	2.5%	6.8%	
% Increase in Property Rates Revenue			0.0%	35.5%	1.7%	0.0%	0.0%	(14.7%)	6.0%	6.0%	6.0%	
% Increase in Electricity Revenue			0.0%	14.1%	12.5%	0.0%	0.0%	(18.4%)	6.2%	6.2%	6.2%	
% Increase in Property Rates & Services Charges			0.0%	20.5%	8.2%	0.0%	0.0%	(17.3%)	6.1%	6.1%	6.1%	
Expenditure												
% Increase in Total Operating Expenditure			0.0%	11.8%	(6.5%)	(0.8%)	0.0%	(17.5%)	12.3%	(7.6%)	3.9%	
% Increase in Employee Costs			0.0%	18.0%	7.8%	(0.0%)	0.0%	(13.6%)	7.5%	2.1%	7.5%	
% Increase in Electricity Bulk Purchases			0.0%	6.2%	11.8%	(8.4%)	0.0%	(10.8%)	12.2%	1.0%	8.9%	
Average Cost Per Budgeted Employee Position (Remuneration)				480733.4202	184058.7967				196997.0015			
Average Cost Per Councillor (Remuneration)				0	0				0			
R&M % of PPE			0.0%	0.6%	0.1%	0.2%	0.1%	0.1%	0.8%	0.8%	0.6%	
Asset Renewal and R&M as a % of PPE			0.0%	1.0%	1.0%	3.0%	4.0%	4.0%	2.0%	2.0%	6.0%	
Debt Impairment % of Total Billable Revenue			0.0%	10.3%	10.3%	5.3%	4.9%	4.9%	5.2%	20.0%	10.0%	10.0%
Capital Revenue												
Internally Funded & Other (R'000)			-	5,320	75,850	101,680	97,061	97,061	33,190	42,100	58,000	86,800
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			-	87,462	81,736	580,682	677,482	677,482	366,685	368,344	408,975	663,632
Internally Generated funds % of Non Grant Funding			0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	94.3%	51.9%	85.1%	87.5%	87.5%	91.7%	89.7%	87.6%	88.4%
Capital Expenditure												
Total Capital Programme (R'000)			-	100,123	153,181	682,362	774,543	774,543	399,875	410,444	466,975	750,432
Asset Renewal			-	29,299	32,419	223,557	333,448	333,448	333,448	105,000	118,075	462,770
Asset Renewal % of Total Capital Expenditure			0.0%	31.6%	20.6%	32.8%	43.1%	43.1%	83.4%	25.6%	25.3%	61.7%
Cash												
Cash Receipts % of Rate Payer & Other			0.0%	88.8%	85.1%	93.8%	95.0%	95.0%	125.6%	80.0%	90.0%	90.0%
Cash Coverage Ratio			-	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)									Baa1 za			
Capital Charges to Operating			0.0%	2.4%	3.7%	2.3%	2.3%	2.3%	1.7%	1.3%	1.3%	1.1%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	(241,270)	(245,950)	101,289
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	24.6%	23.8%	12.7%	11.5%	11.5%	12.7%	12.6%	12.4%	
High Level Outcome of Funding Compliance												
Total Operating Revenue			-	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	2,502,159	3,213,492	3,293,665	3,518,720
Total Operating Expenditure			-	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	2,659,623	3,618,653	3,343,705	3,473,595
Surplus/(Deficit) Budgeted Operating Statement			-	(631,512)	(629,333)	(385,360)	(149,408)	(149,408)	(157,464)	(405,161)	(50,040)	45,125
Surplus/(Deficit) Considering Reserves and Cash Backing			-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	(241,270)	(245,950)	101,289
MTREF Funded (1) / Unfunded (0)			15	1	0	0	0	0	0	0	0	1
MTREF Funded ✓ / Unfunded ✗			15	✓	✗	✗	✗	✗	✗	✗	✗	✓

MP326 City of Mbombela - Supporting Table SA11 Property rates summary

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Valuation:	1			1/1/2000	1/1/2000					
Date of valuation:										
Financial year valuation used	2							Yes		
Municipal by-laws s6 in place? (Y/N)								Yes		
Municipal/assistant valuer appointed? (Y/N)				Yes	Yes			NO	NO	NO
Municipal partnership s38 used? (Y/N)				Yes	Yes	Yes	Yes			
No. of assistant valuers (FTE)	3			No	No	No	No			
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)								Yes		
Implementation time of new valuation roll (mths)				Yes	Yes					
No. of properties	5							77,442	77,442	77,442
No. of sectional title values	5			80,586	80,586	80,586	80,586			
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers				2,549	2,549	2,549	2,549	2,625	2,625	2,625
No. of appeals by rate payers				130	130	130	130	141	141	141
No. of successful objections	8			2,145	2,145	2,145	2,145	2,555	2,555	2,555
No. of successful objections > 10%	8			1,286	1,286	1,286	1,286			
Supplementary valuation				-	-	-	-			
Public service infrastructure value (Rm)	5			52	52	52	52			
Municipality owned property value (Rm)				1,557	1,557	1,557	1,557			
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)								78,876	78,876	78,876
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)				1,039	1,039	1,039	1,039	78,876	78,876	78,876
Valuation reductions-public worship (Rm)				445	445	445	445			
Valuation reductions-other (Rm)										
Total valuation reductions:		-	-	1,484	1,484	1,484	1,484	157,753	157,753	157,753
Total value used for rating (Rm)	5			75,940	75,940	75,940	75,940			
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5			75,940	75,940	75,940	75,940			
Rating:										
Residential rate used to determine rate for other categories? (Y/N)	5							Yes		
Differential rates used? (Y/N)				Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)				Yes	Yes			Yes		
Special rating area used? (Y/N)				Yes	Yes			No		
Phasing-in properties s21 (number)				No	No			No		
Rates policy accompanying budget? (Y/N)				no	no			no		
Fixed amount minimum value (R'000)				Yes	Yes			Yes		
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6				705,495	705,495	705,495	721,056	778,740	841,040
Rate revenue expected to collect (R'000)	6				649,055	649,055	649,055	685,003	739,803	798,988
Expected cash collection rate (%)					95.0%	95.0%	95.0%	80.0%	90.0%	90.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)					10,125	10,125	10,125	11,391	12,302	13,287
Rebates, exemptions - pensioners (R'000)					5,063	5,063	5,063	5,696	6,151	6,643
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)					47,947	47,947	47,947	53,940	58,255	62,915
Phase-in reductions/discounts (R'000)										
Total rebates, exemptns, reductns, discs (R'000)		-	-	-	63,135	63,135	63,135	71,026	76,709	82,845

MP326 City of Mbombela - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2019/20																	
Valuation:																	
No. of properties		69,288	3,271		4,371	680	1,632	457	571							30	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers		1,706	7	372	280	42	6	83	53								
No. of appeals by rate-payers		76		50	4												
No. of appeals by rate-payers finalised																	
No. of successful objections	5	1,487	6	290	226	6	3	80	47								
No. of successful objections > 10%	5	1,046	5	141	46	36	3	3	6								
Estimated no. of properties not valued																	
Years since last valuation (select)		1															
Frequency of valuation (select)		5															
Method of valuation used (select)		Market															
Base of valuation (select)		Land & impr. none															
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)		No															
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		52															
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		1,039															
Valuation reductions-public worship (Rm)		445															
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6	39,267	19,166		11,623	5,358			229							297	
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6	39,267	19,166		11,623	5,358			229							297	
Rating:																	
Average rate	3	0.006920	1.557000		0.017300	2.076000			1.038000							0.017300	
Rate revenue budget (R '000)		289,217	300,595		20,108	92,689			2,372							514	
Rate revenue expected to collect (R'000)		266,079	276,547		18,500	85,274			2,182							473	
Expected cash collection rate (%)	4	80.0%	80.0%		80.0%	80.0%			80.0%							80.0%	
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)		10,125															
Rebates, exemptions - pensioners (R'000)		5,063															
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)		47,947															
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,eductns,discs (R'000)																	

MP326 City of Mbombela - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/its	Public benefit organs.	Mining Props.
Budget Year 2020/21																	
Valuation:																	
No. of properties		67,236	490	2,692	4,244	811	1,407	469	582							27	
No. of sectional title property values		4,578	101	551													
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers		1,927	7	368	281	42											
No. of appeals by rate-payers		78		57	6												
No. of appeals by rate-payers finalised		54		16	6												
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		2															
Frequency of valuation (select)		5															
Method of valuation used (select)		Market															
Base of valuation (select)		Land & impr.															
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)		Yes															
Flat rate used? (Y/N)		No															
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)		439															
Valuation reductions-other (Rm)	2	1,078															
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3	0.073350	1.650400	1.650400	0.018340	2.200600	-	0.018340	0.01100							0.018340	
Rate revenue budget (R '000)		291,660		318,665	21,056	133,762	-	102	1,740							537	
Rate revenue expected to collect (R'000)		268,327	-	293,172	19,372	123,061	-	94	1,600							494	
Expected cash collection rate (%)	4	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%							92.0%	
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)		13,096															
Rebates, exemptions - pensioners (R'000)		359															
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)		46,736															
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,eductns,discs (R'000)																	

MP326 City of Mbombela - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Property rates <i>(rate in the Rand)</i>	1								
Residential properties				0.9512	0.9512	1.0026	1.0627	1.1265	1.1941
Residential properties - vacant land				-	-	-	-	-	-
Formal/informal settlements				0.9512	0.9512	1.0026	1.0627	1.1265	1.1941
Small holdings				-	-	-	-	-	-
Farm properties - used				0.2378	0.2378	0.2507	0.2657	0.2816	0.2985
Farm properties - not used				-	-	-	-	-	-
Industrial properties				-	-	-	-	-	-
Business and commercial properties				2.3781	2.3781	2.5065	2.6569	2.8163	2.9853
Communal land - residential				0.9512	0.9512	1.0026	1.0627	1.1265	1.1941
Communal land - small holdings				-	-	-	-	-	-
Communal land - farm property				-	-	-	-	-	-
Communal land - business and commercial				-	-	-	-	-	-
Communal land - other				-	-	-	-	-	-
State-owned properties				2.8537	2.8537	3.0078	3.1882	3.3795	3.5823
Municipal properties				-	-	-	-	-	-
Public service infrastructure				0.2378	0.2378	0.2507	0.2657	0.2816	0.2985
Privately owned towns serviced by the				-	-	-	-	-	-
State trust land				0.9512	0.9512	1.0026	1.0627	1.1265	1.1941
Restitution and redistribution properties				-	-	-	-	-	-
Protected areas				-	-	-	-	-	-
National monuments properties				-	-	-	-	-	-
Exemptions, reductions and rebates <i>(Rands)</i>									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate				80,000	100,000	100,000	100,000	100,000	100,000
Indigent rebate or exemption				100	100	100	100	100	100
Pensioners/social grants rebate or exemption				100	100	100	100	100	100
Temporary relief rebate or exemption				-	-	-	-	-	-
Bona fide farmers rebate or exemption				8	8	8	8	8	8
Other rebates or exemptions	2			-	-	-	-	-	-
Water tariffs									
Domestic									
Basic charge/fix fee <i>(Rands/month)</i>				-	-	-	-	-	-
Service point - vacant land <i>(Rands/month)</i>				-	-	-	-	-	-
Water usage - flat rate tariff <i>(c/kl)</i>				-	-	-	-	-	-
Water usage - life line tariff		(describe structure)		-	-	-	-	-	-
Water usage - Block 1 <i>(c/kl)</i>		(fill in thresholds)		-	-	-	-	-	-
Water usage - Block 2 <i>(c/kl)</i>		(fill in thresholds)		2,584	2,721	2,868	3,098	3,346	3,613
Water usage - Block 3 <i>(c/kl)</i>		(fill in thresholds)		2,330	2,453	2,586	2,792	3,016	3,257
Water usage - Block 4 <i>(c/kl)</i>		(fill in thresholds)		2,209	2,326	2,452	2,648	2,860	3,089
Other	2			-	-	-	-	-	-

MP326 City of Mbombela - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Exemptions, reductions and rebates (Rands)									
ASSESSMENT RATES REBATES -		-	-	0.89436334	0.89436334	1	1	1	1
PUBLIC SERVICE INFRASTRUCTURE - FIRST				0.223619084	0.223619084	0	0	0	0
Water tariffs									
BUSINESS COMMERCIAL INDUSTRIAL		0	-	20	21	22	22	22	22
BULK CUSTOMERS OUTSIDE MUNICIPAL AREA		(fill in thresholds)		22	23	24	24	24	24
MUNICIPAL DEPARTMENTS		(fill in thresholds)		5	5	5	5	5	5
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
BASIC CHARGE		0	-	-	-	-	-	-	-
BORE HOLES		(fill in structure)		90	-	-	-	-	-
BUSINESS COMMERCIAL INDUSTRIAL		(fill in structure)		183	193	203	215	215	227
PINE LAKE INN		(fill in structure)		4,037	4,251	4,480	4,726	4,726	5,010
INDUSTRIAL GOVERNMENT - TRANSNET		(fill in structure)		3,015	3,175	3,346	3,530	3,530	3,742
BORE HOLES		(fill in structure)		323	340	358	378	378	401
		(fill in structure)		395	416	439	463	463	491
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
-		0	-	-	-	-	-	-	-
BAFFALLO, KUDU AND HIPPO									
BAFFALLO, KUDU AND HIPPO				120	120	128	135	142	151
BAFFALLO, KUDU AND HIPPO				155	155	165	174	184	195
BAFFALLO, KUDU AND HIPPO				178	178	190	200	211	224
				-	-	-	-	-	-
				-	-	-	-	-	-
RHINO				194	194	207	218	230	244
LION LOW TENSION				100	100	107	113	119	126
LION LOW TENSION				75	75	80	85	89	95
LION LOW TENSION				76	76	82	86	91	96
LION LOW TENSION				1,732	1,732	1,850	1,950	2,057	2,181
LION LOW TENSION				-	-	-	-	-	-
				-	-	-	-	-	-
CHEETAH HIGH TENSION TARIFF				96	96	103	108	114	121
CHEETAH HIGH TENSION TARIFF				71	71	76	80	85	90
CHEETAH HIGH TENSION TARIFF				76	76	82	86	91	96
CHEETAH HIGH TENSION TARIFF				2,421	2,421	2,587	2,726	2,876	3,049
				-	-	-	-	-	-
NYALA HIGH DEMAND SEASON				379	379	405	427	450	477
NYALA HIGH DEMAND SEASON				149	149	159	168	177	188
NYALA HIGH DEMAND SEASON				86	86	92	97	103	109
NYALA HIGH DEMAND SEASON				21	21	23	24	25	27
				-	-	-	-	-	-
NYALA LOW DEMAND SEASON				159	159	170	179	189	200
NYALA LOW DEMAND SEASON				114	114	122	128	135	143
NYALA LOW DEMAND SEASON				76	76	82	86	91	96

MP326 City of Mbombela - Supporting Table SA14 Household bills

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			323.50	344.20	344.20	344.20	344.20	6.0%	371.74	401.47	433.59
Electricity: Basic levy			–	–							
Electricity: Consumption			1,469.41	1,500.56	1,602.60	1,602.60	1,602.60	6.2%	1,762.86	1,889.78	2,078.76
Water: Basic levy			99.86	101.95	108.88	108.88	108.88	6.0%	117.60	127.00	137.16
Water: Consumption			465.41	501.72	528.31	528.31	528.31	6.0%	570.57	616.22	665.51
Sanitation			149.95	161.64	170.21	170.21	170.21	6.0%	183.82	198.53	214.41
Refuse removal			164.32	177.14	186.53	186.53	186.53	6.0%	201.45	217.56	234.97
Other			–	–	–	–	–	–			
sub-total		–	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
VAT on Services											
Total large household bill:		–	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
% increase/-decrease			–	4.3%	5.5%	–	–		9.1%	7.6%	9.1%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates			219.14	233.17	233.17	233.17	233.17	6.0%	251.82	271.97	293.73
Electricity: Basic levy			–	–							
Electricity: Consumption			635.47	648.81	692.93	692.93	692.93	6.2%	762.22	815.58	897.14
Water: Basic levy			99.86	101.95	107.36	107.36	107.36	6.0%	115.94	125.22	135.24
Water: Consumption			368.45	397.19	418.24	418.24	418.24	6.0%	451.70	487.84	526.87
Sanitation			149.95	161.64	170.21	170.21	170.21	6.0%	183.82	198.53	214.41
Refuse removal			110.03	118.62	124.90	124.90	124.90	6.0%	134.90	145.69	157.34
Other			–	–	–	–	–	–			
sub-total		–	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
VAT on Services											
Total small household bill:		–	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
% increase/-decrease			–	5.0%	5.1%	–	–		8.8%	7.6%	8.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates			114.18	126.87	134.48	134.48	134.48	6.0%	145.24	156.86	169.41
Electricity: Basic levy			–	–							
Electricity: Consumption			380.04	422.27	488.14	488.14	488.14	6.2%	536.95	574.54	631.99
Water: Basic levy			–	–				6.0%			
Water: Consumption			306.85	340.94	361.06	361.06	361.06	6.0%	389.94	421.14	454.83
Sanitation			237.02	263.36	278.90	278.90	278.90	6.0%	301.21	325.31	351.33
Refuse removal			179.09	198.99	210.73	210.73	210.73	6.0%	227.59	245.80	265.46
Other			–	–	–	–	–	–			
sub-total		–	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
VAT on Services											
Total small household bill:		–	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
% increase/-decrease			–	11.1%	8.9%	–	–		8.7%	7.7%	8.7%

MP326 City of Mbombela - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<u>Parent municipality</u>										
Annuity and Bullet Loans		–	242,007	213,177	207,730	207,730	207,730	207,730	175,361	139,755
Long-Term Loans (non-annuity)										
Local registered stock		–	3	3	–	–	–	–	–	–
Instalment Credit										
Financial Leases		–	1,410	234	–	–	–	–	–	–
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	243,420	213,414	207,730	207,730	207,730	207,730	175,361	139,755
<u>Entities</u>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	–	243,420	213,414	207,730	207,730	207,730	207,730	175,361	139,755

MP326 City of Mbombela - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	694,773	741,898	733,561	734,634	734,634	934,350	874,906	951,779
Local Government Equitable Share										
Equitable Share		–	608,678	661,329	725,225	725,225	725,225	927,606	872,206	948,979
Expanded Public Works Programme Integrated		–	5,650	8,240	5,836	5,836	5,836	4,244	–	–
Local Government Financial Management Grant		–	3,400	3,470	2,500	2,500	2,500	2,500	2,700	2,800
Municipal Demarcation Transition Grant		–	4,566	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	–	–	–	1,073	1,073	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Public Transport Network Operations Grant [Schedule 5]		–	72,478	68,859	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	345	1,033	–	–	–	–	–	–
Injury on Duty		–	–	–	–	–	–	–	–	–
Municipal Demarcation Board		–	–	–	–	–	–	–	–	–
National Heritage Council South Africa		–	–	–	–	–	–	–	–	–
National Skills Fund		–	–	–	–	–	–	–	–	–
Social Relief		–	–	–	–	–	–	–	–	–
Unspecified		–	345	1,033	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	695,118	742,931	733,561	734,634	734,634	934,350	874,906	951,779
Capital Transfers and Grants										
National Government:		–	443,780	418,601	582,682	688,682	688,682	368,087	408,975	663,632
Energy Efficiency and Demand Side Management (EEDSM)		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	26,103	26,996	35,010	35,010	35,010	34,204	37,000	38,000
Municipal Infrastructure Grant		–	283,205	293,001	333,753	333,753	333,753	331,383	361,975	384,362
Municipal Water Infrastructure Grant		–	25,663	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	33,290	29,161	15,000	19,200	19,200	2,500	10,000	10,000
Public Transport Network Grant		–	–	69,444	198,919	300,719	300,719	–	–	–
Public Transport Network Operations Grant [Schedule 5]		–	75,518	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	231,270
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	3,242	11,148	–	–	–	–	–	–
Limpopo Roads Agency		–	–	–	–	–	–	–	–	–
Unspecified		–	3,242	11,148	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	447,022	429,750	582,682	688,682	688,682	368,087	408,975	663,632
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	1,142,140	1,172,680	1,316,243	1,423,316	1,423,316	1,302,437	1,283,881	1,615,411

MP326 City of Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	410,112	457,996	397,283	366,577	366,577	935,237	935,290	1,060,653
Local Government Equitable Share										
Equitable Share		-	343,382	375,197	381,373	359,511	359,511	928,493	932,590	1,057,853
Expanded Public Works Programme Integrated Grant		-	5,513	8,240	5,887	3,178	3,178	4,244	-	-
Local Government Financial Management Grant		-	3,352	3,455	3,105	1,887	1,887	2,500	2,700	2,800
Municipal Demarcation Transition Grant		-	3,980	4,296	3,218	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	3,700	2,000	2,000	-	-	-
Public Transport Network Grant		-	53,885	66,809	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	1,033	515	-	-	-	-	-
Municipal Demarcation Board		-	-	-	-	-	-	-	-	-
Unspecified		-	-	1,033	515	-	-	-	-	-
Total operating expenditure of Transfers and Grants		-	410,112	459,029	397,798	366,577	366,577	935,237	935,290	1,060,653
Capital expenditure of Transfers and Grants										
National Government:		-	87,462	81,736	572,682	688,682	688,682	361,787	401,975	656,632
Expanded Public Works Programme Integrated Grant		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	19,129	(2,567)	27,010	37,010	37,010	27,904	30,000	31,000
Local Government Financial Management Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	51,506	103,748	331,753	331,753	331,753	331,383	361,975	384,362
Municipal Water Infrastructure Grant		-	8,178	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	(6,697)	(19,444)	15,000	19,200	19,200	2,500	10,000	10,000
Public Transport Network Grant		-	-	-	198,919	300,719	300,719	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	231,270
Water Services Infrastructure Grant		-	15,347	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	8,000	8,000	8,000	6,300	7,000	7,000
Developers Contribution		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	8,000	8,000	8,000	6,300	7,000	7,000
Total capital expenditure of Transfers and Grants		-	87,462	81,736	580,682	696,682	696,682	368,087	408,975	663,632
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	497,574	540,766	978,480	1,063,259	1,063,259	1,303,324	1,344,265	1,724,285

MP326 City of Mbombela - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 medium term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	22,939	23,505	27,073	42,073	42,073	45,454	46,216	47,626
Pension and UIF Contributions		–	2,860	2,850	3,211	3,211	3,211	3,385	3,554	3,732
Medical Aid Contributions		–	612	637	687	687	687	629	661	694
Motor Vehicle Allowance		–	8,143	8,657	10,106	10,106	10,106	10,508	11,033	11,585
Cellphone Allowance		–	3,850	3,798	2,755	2,755	2,755	3,586	3,765	3,953
Housing Allowances										
Other benefits and allowances		–	17	19	32	32	32	31	32	34
Sub Total - Councillors		–	38,422	39,466	43,865	58,865	58,865	63,593	65,261	67,624
% increase	4		–	2.7%	11.1%	34.2%	–	8.0%	2.6%	3.6%
Senior Managers of the Municipality										
Basic Salaries and Wages		–	13,436	17,653	69,226	69,226	69,226	3,227	3,453	3,712
Pension and UIF Contributions		–	472	213	672	672	672	291	311	334
Medical Aid Contributions		–	196	62	233	233	233	34	36	39
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	–	3,020	3,334	3,801	3,801	3,801	459	491	528
Cellphone Allowance	3	–	411	500	526	526	526	86	92	99
Housing Allowances	3									
Other benefits and allowances	3	–	250	170	55	55	55	0	0	0
Payments in lieu of leave		–	814	304	–	–	–	–	–	–
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		–	18,599	22,237	74,513	74,513	74,513	4,097	4,384	4,713
% increase	4		–	19.6%	235.1%	–	–	(94.5%)	7.0%	7.5%
Other Municipal Staff										
Basic Salaries and Wages		–	413,822	476,238	530,317	530,264	530,264	622,918	622,899	667,463
Pension and UIF Contributions		–	87,371	99,215	112,248	112,248	112,248	118,268	125,947	135,182
Medical Aid Contributions		–	37,724	40,341	51,380	51,380	51,380	46,315	49,557	53,274
Overtime		–	92,155	119,784	110,569	110,569	110,569	120,682	117,596	125,657
Performance Bonus		–	34,328	39,662	29,821	29,821	29,821	36,711	39,281	42,227
Motor Vehicle Allowance	3	–	39,991	46,433	54,100	54,100	54,100	52,939	56,645	60,893
Cellphone Allowance	3	–	4,397	4,737	5,871	5,871	5,871	5,690	6,088	6,544
Housing Allowances	3	–	3,331	3,902	4,355	4,355	4,355	6,102	6,529	7,019
Other benefits and allowances	3	–	28,083	33,222	37,309	37,309	37,309	50,381	53,908	57,951
Payments in lieu of leave		–	5,437	8,813	–	–	–	1,126	1,205	1,295
Long service awards										
Post-retirement benefit obligations	6	–	28,469	42,366	–	–	–	21,408	25,906	30,485
Sub Total - Other Municipal Staff		–	775,107	914,712	935,970	935,918	935,918	1,082,538	1,105,560	1,187,989
% increase	4		–	18.0%	2.3%	(0.0%)	–	15.7%	2.1%	7.5%
Total Parent Municipality		–	832,128	976,416	1,054,347	1,069,295	1,069,295	1,150,228	1,175,205	1,260,326
			–	17.3%	8.0%	1.4%	–	7.6%	2.2%	7.2%
TOTAL SALARY, ALLOWANCES & BENEFITS		–	832,128	976,416	1,054,347	1,069,295	1,069,295	1,150,228	1,175,205	1,260,326
% increase	4		–	17.3%	8.0%	1.4%	–	7.6%	2.2%	7.2%
TOTAL MANAGERS AND STAFF	5,7	–	793,706	936,949	1,010,483	1,010,430	1,010,430	1,086,635	1,109,943	1,192,702

MP326 City of Mbombela - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		629,622	95,222	294,895			1,019,739
Chief Whip			590,905	88,636	230,833			910,374
Executive Mayor			757,495	148,560	385,838			1,291,893
Deputy Executive Mayor								-
Executive Committee			5,464,468	651,395	2,469,179			8,585,042
Total for all other councillors			38,011,586	3,030,594	10,743,649			51,785,829
Total Councillors	8	-	45,454,076	4,014,407	14,124,394			63,592,877
Senior Managers of the Municipality	5							
Municipal Manager (MM)			2,506,572	2,349	488,971			2,997,892
Chief Finance Officer			1,214,095	153,385	264,475			1,631,955
SM D01			1,594,026	2,349	441,853			2,038,228
SM D02			1,875,671	2,349	495,552			2,373,572
SM D03			1,669,137	442,360	236,643			2,348,140
SM D04			50,681,896	2,349	362,876			51,047,121
SM D05			1,385,452	106,258	74,808			1,566,518
SM D06			1,156,232	2,349	394,884			1,553,465
SM D07			1,297,457	95,983	46,969			1,440,409
SM D08			3,351,658	2,349	725,752			4,079,759
SM D09			-	-	-			-
SM D10			1,156,232	2,349	394,884			1,553,465
SM D11			1,330,039	241,756	310,630			1,882,425
SM D12			-	-	-			-
SM D13			1,222,104	2,349	407,308			1,631,761
SM D14			-	-	-			-
								-
Total Senior Managers of the Municipality	8,10	-	70,440,571	1,058,534	4,645,605	-		76,144,710
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	115,894,647	5,072,941	18,769,999	-		139,737,587

MP326 City of Mbombela - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	15		13	15		14	15		14
Other Managers	7	181	90		188	95		188	96	
Professionals		593	177	–	531	185	–	550	204	–
Finance		99	43		111	47		111	45	
Spatial/town planning		53	18		45	23		45	23	
Information Technology		12	1		15	–		15		
Roads		21	8		17	2		29	7	
Electricity		91	10		20	10		20	11	
Water		56	1		48	13		48	16	
Sanitation		–	–		–	–				
Refuse		9	2		11	2		12	3	
Other		252	94		264	88		270	99	
Technicians		1,059	408	–	1,517	521	–	1,267	474	–
Finance		214	83		200	71		226	76	
Spatial/town planning		56	22		50	17		50	17	
Information Technology		1	–		5	1		5	1	
Roads		43	24		32	19		36	19	
Electricity		81	24		40	21		40	27	
Water		39	26		62	31		62	34	
Sanitation		–	–		–	–				
Refuse		44	16		74	20		83	18	
Other		581	213		1,054	341		765	282	
Clerks (Clerical and administrative)		496	172		797	221		874	250	
Service and sales workers		296	91		–	–				
Skilled agricultural and fishery workers		–	–		–	–				
Craft and related trades		–	–		–	–				
Plant and Machine Operators		917	316		817	285		1,000	344	
Elementary Occupations		1,403	682		1,625	631		1,622	593	
TOTAL PERSONNEL NUMBERS	9	4,960	1,936	13	5,490	1,938	14	5,516	1,961	14
% increase					10.7%	0.1%	7.7%	0.5%	1.2%	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	440	172	1	440	172	1	363	137	1
Human Resources personnel headcount	8, 10	178	74	1	178	74	1	172	71	1

MP326 City of Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																	
Property rates			60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	19,934	680,902	721,756	765,061
Service charges - electricity revenue			97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	117,933	1,188,712	1,262,650	1,341,187
Service charges - water revenue			9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	16,003	118,180	125,271	132,787
Service charges - sanitation revenue			2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,403	25,255	26,771	28,377
Service charges - refuse revenue			11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	9,942	138,390	146,693	155,495
Rental of facilities and equipment			531	531	531	531	531	531	531	531	531	531	531	3,132	8,972	9,510	10,080
Interest earned - external investments			451	451	451	451	451	451	451	451	451	451	451	1,366	6,329	6,962	7,658
Interest earned - outstanding debtors			3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	5,989	39,586	41,961	44,478
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			625	625	625	625	625	625	625	625	625	625	625	1,713	8,585	9,100	9,646
Licences and permits			373	373	373	373	373	373	373	373	373	373	373	2,526	6,631	7,029	7,451
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies			66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	199,704	934,350	874,906	951,779
Other revenue			5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	(7,888)	57,601	61,057	64,720
Gains			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	372,756	3,213,492	3,293,665	3,518,720
Expenditure By Type																	
Employee related costs			85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	141,313	1,086,635	1,109,943	1,192,702
Remuneration of councillors			3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	22,333	63,593	65,261	67,624
Debt impairment			9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	330,731	430,288	228,314	242,291
Depreciation & asset impairment			43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	516,567	526,898	547,974
Finance charges			2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,331	27,978	26,346	19,422
Bulk purchases			69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	101,574	863,137	873,701	949,241
Other materials			3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	6,321	40,660	35,314	30,797
Contracted services			26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	136,306	425,294	331,229	291,283
Transfers and subsidies			173	173	173	173	173	173	173	173	173	173	173	173	2,080	1,320	1,320
Other expenditure			13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	12,614	162,420	145,378	130,940
Losses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	796,744	3,618,653	3,343,705	3,473,595
Surplus/(Deficit)			1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	(423,987)	(405,161)	(50,040)	45,125
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	21,272	368,087	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	(402,716)	(37,074)	358,935	708,757
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)			1	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	(402,716)	(37,074)	358,935	708,757

MP326 City of Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description		Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																	
Vote 01 - Council			0	0	0	0	0	0	0	0	0	0	0	0	6	6	6
Vote 02 - Office Of Council			43	43	43	43	43	43	43	43	43	43	43	43	513	513	513
Vote 03 - Municipal Manager			679	679	679	679	679	679	679	679	679	679	679	679	8,151	6,290	7,146
Vote 04 - City Planning And Development Department			607	607	607	607	607	607	607	607	607	607	607	607	7,289	7,289	7,289
Vote 05 - Corporate Services Department			41	41	41	41	41	41	41	41	41	41	41	41	496	496	496
Vote 06 - Strategic Management Services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management			76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	48,574	890,543	952,739	1,005,280
Vote 08 - Legal Services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community Services			23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	281,507	303,436	326,539
Vote 11 - Public Works, Roads And Transport			28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	338,127	371,975	625,632
Vote 12 - Public Safety			1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	12,187	12,187	12,187
Vote 13 - Water And Sanitation			46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	178,248	684,581	599,712	648,451
Vote 14 - Energy			113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	1,358,181	1,447,998	1,548,814
Vote 15 - Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote			289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	394,028	3,581,579	3,702,640	4,182,352
Expenditure by Vote to be appropriated																	
Vote 01 - Council			5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,065	60,803	63,021	65,409
Vote 02 - Office Of Council			1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	23,162	23,763	24,613
Vote 03 - Municipal Manager			15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,959	191,522	193,600	198,313
Vote 04 - City Planning And Development Department			6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,282	75,397	76,957	113,759
Vote 05 - Corporate Services Department			10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,718	128,628	130,890	133,708
Vote 06 - Strategic Management Services			2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,658	31,911	33,297	35,018
Vote 07 - Financial Management			23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,339	280,081	283,886	338,821
Vote 08 - Legal Services			326	326	326	326	326	326	326	326	326	326	326	326	3,910	3,650	3,294
Vote 09 - Regional Centre Coordination			886	886	886	886	886	886	886	886	886	886	886	886	10,632	10,500	10,263
Vote 10 - Community Services			35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,372	424,482	438,505	425,384
Vote 11 - Public Works, Roads And Transport			33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	132,568	501,339	505,656	552,626
Vote 12 - Public Safety			16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,701	200,421	204,284	205,726
Vote 13 - Water And Sanitation			21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	462,873	701,568	344,472	351,473
Vote 14 - Energy			82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	984,796	1,031,225	1,015,188
Vote 15 - Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote			256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	796,744	3,618,653	3,343,705	3,473,595
Surplus/(Deficit) before assoc.			33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	(402,716)	(37,074)	358,935	708,757
Taxation															-	-	-
Attributable to minorities															-	-	-
Share of surplus/ (deficit) of associate															-	-	-
Surplus/(Deficit)	1		33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	(402,716)	(37,074)	358,935	708,757

MP326 City of Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description		Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
Revenue - Functional																		
Governance and administration			76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	48,860	893,965	956,161	1,008,702	
Executive and council			62	62	62	62	62	62	62	62	62	62	62	62	738	738	738	
Finance and administration			76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	48,798	893,227	955,423	1,007,964	
Internal audit			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Community and public safety			748	748	748	748	748	748	748	748	748	748	748	748	8,975	8,975	8,975	
Community and social services			71	71	71	71	71	71	71	71	71	71	71	71	853	853	853	
Sport and recreation			97	97	97	97	97	97	97	97	97	97	97	97	1,160	1,160	1,160	
Public safety			580	580	580	580	580	580	580	580	580	580	580	580	6,962	6,962	6,962	
Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services			29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	348,454	382,302	635,959	
Planning and development			28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	343,240	377,088	630,745	
Road transport			434	434	434	434	434	434	434	434	434	434	434	434	5,214	5,214	5,214	
Environmental protection			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Trading services			183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	315,382	2,330,186	2,355,203	2,528,716	
Energy sources			113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	1,358,181	1,447,998	1,548,814	
Water management			30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	162,977	501,326	397,547	428,821	
Waste water management			15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	191,186	208,234	226,554	
Waste management			23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	279,494	301,424	324,526	
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue - Functional			289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	394,028	3,581,579	3,702,640	4,182,352	
Expenditure - Functional																		
Governance and administration			51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	551,562	1,116,408	810,921	881,448	
Executive and council			9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,930	119,195	123,103	127,814	
Finance and administration			40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	540,762	986,770	677,612	743,807	
Internal audit			870	870	870	870	870	870	870	870	870	870	870	870	10,443	10,207	9,827	
Community and public safety			24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,617	295,429	299,754	299,989	
Community and social services			4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	50,081	52,310	54,748	
Sport and recreation			9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,552	114,629	115,081	114,749	
Public safety			9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,987	119,852	121,040	118,645	
Housing			906	906	906	906	906	906	906	906	906	906	906	905	10,866	11,323	11,847	
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services			35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,130	421,582	484,172	579,808	
Planning and development			8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,335	100,038	101,054	137,306
Road transport			26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,143	313,726	375,602	435,405	
Environmental protection			652	652	652	652	652	652	652	652	652	652	652	651	7,819	7,517	7,097	
Trading services			143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	183,602	1,763,254	1,725,431	1,687,262	
Energy sources			82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	984,796	1,031,225	1,015,188	
Water management			26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,268	355,225	314,362	314,198	
Waste water management			9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	117,480	61,643	52,904	
Waste management			25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	305,753	318,202	304,971	
Other			1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,831	21,980	23,428	25,088	
Total Expenditure - Functional			256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	796,744	3,618,653	3,343,705	3,473,598	
Surplus/(Deficit) before assoc.			33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	(402,716)	(37,074)	358,935	708,757	
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)			1	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	(402,716)	(37,074)	358,935	708,757	

MP326 City of Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Budget Year 2020/21														Medium Term Revenue and Expenditure Framework		
Description	Ref	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - City Planning And Development Department		383	383	383	383	383	383	383	383	383	383	383	383	4,600	5,000	3,500
Vote 05 - Corporate Services Department		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		167	167	167	167	167	167	167	167	167	167	167	167	2,000	-	-
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community Services		250	250	250	250	250	250	250	250	250	250	250	250	3,000	800	800
Vote 11 - Public Works, Roads And Transport		15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	183,783	257,975	283,562
Vote 12 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Water And Sanitation		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	32,000	273,770
Vote 14 - Energy		2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	26,332	31,700	42,500
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393	244,715	327,475	604,132
Single-year expenditure to be appropriated																
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - City Planning And Development Department		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Corporate Services Department		258	258	258	258	258	258	258	258	258	258	258	258	3,100	-	-
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		33	33	33	33	33	33	33	33	33	33	33	33	400	-	-
Vote 10 - Community Services		208	208	208	208	208	208	208	208	208	208	208	208	2,500	3,500	-
Vote 11 - Public Works, Roads And Transport		7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	90,900	94,000	85,300
Vote 12 - Public Safety		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,700	2,000
Vote 13 - Water And Sanitation		3,683	3,683	3,683	3,683	3,683	3,683	3,683	3,683	3,683	3,683	3,683	3,683	44,200	22,000	43,500
Vote 14 - Energy		1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	23,372	18,300	15,500
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	13,789	13,789	13,789	13,789	13,789	13,789	13,789	13,789	13,789	13,789	13,789	13,789	165,472	139,500	146,300
Total Capital Expenditure	2	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	410,187	466,975	750,432

MP326 City of Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Budget Year 2020/21														Medium Term Revenue and Expenditure Framework		
Description	Ref	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand																
Capital Expenditure - Functional	1															
Governance and administration		458	458	458	458	458	458	458	458	458	458	458	458	5,500	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		458	458	458	458	458	458	458	458	458	458	458	458	5,500	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	24,000	10,800
Community and social services		1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000	13,500	-
Sport and recreation		750	750	750	750	750	750	750	750	750	750	750	750	9,000	8,800	8,800
Public safety		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,700	2,000
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		18,594	18,594	18,594	18,594	18,594	18,594	18,594	18,594	18,594	18,594	18,594	18,594	223,133	313,975	319,362
Planning and development		8,471	8,471	8,471	8,471	8,471	8,471	8,471	8,471	8,471	8,471	8,471	8,471	101,650	132,500	30,100
Road transport		10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	121,483	181,475	289,262
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		12,630	12,630	12,630	12,630	12,630	12,630	12,630	12,630	12,630	12,630	12,630	12,629	151,554	129,000	420,270
Energy sources		4,142	4,142	4,142	4,142	4,142	4,142	4,142	4,142	4,142	4,142	4,142	4,142	49,704	50,000	58,000
Water management		5,933	5,933	5,933	5,933	5,933	5,933	5,933	5,933	5,933	5,933	5,933	5,933	71,200	47,500	293,770
Waste water management		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	26,500	53,500
Waste management		54	54	54	54	54	54	54	54	54	54	54	54	650	5,000	15,000
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	410,187	466,975	750,432
Funded by:																
National Government		30,149	30,149	30,149	30,149	30,149	30,149	30,149	30,149	30,149	30,149	30,149	30,149	361,787	401,975	656,632
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		525	525	525	525	525	525	525	525	525	525	525	525	6,300	7,000	7,000
Transfers recognised - capital		30,674	30,674	30,674	30,674	30,674	30,674	30,674	30,674	30,674	30,674	30,674	30,674	368,087	408,975	663,632
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	42,100	58,000	86,800
Total Capital Funding		34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	34,182	410,187	466,975	750,432

MP326 City of Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand		1									
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			–	60,599	106,082	357,996	409,715	409,715	261,837	319,700	270,262
Roads Infrastructure			–	34,692	66,981	235,083	244,800	244,800	163,183	227,700	151,262
Roads			–	24,492	64,644	231,583	236,375	236,375	154,483	210,500	116,262
Road Structures			–	9,892	5,014	3,000	3,500	3,500	3,700	7,200	25,000
Road Furniture			–	307	(2,677)	–	–	–	5,000	10,000	10,000
Capital Spares			–	–	–	500	4,925	4,925	–	–	–
Storm water Infrastructure			–	1,051	13,510	–	10,624	10,624	7,000	8,000	10,000
Drainage Collection			–	1,051	13,510	–	10,624	10,624	7,000	8,000	10,000
Storm water Conveyance			–	–	–	–	–	–	–	–	–
Attenuation			–	–	–	–	–	–	–	–	–
Electrical Infrastructure			–	19,551	601	38,510	45,744	45,744	37,404	43,000	47,500
Power Plants			–	–	–	–	–	–	–	–	–
HV Substations			–	–	–	6,000	4,653	4,653	9,000	12,400	12,500
HV Switching Station			–	–	–	5,170	8,893	8,893	–	10,000	16,000
HV Transmission Conductors			–	1,085	–	4,500	3,982	3,982	7,572	5,800	6,000
MV Substations			–	–	–	–	–	–	–	–	–
MV Switching Stations			–	–	–	–	–	–	–	–	–
MV Networks			–	7,478	–	9,500	6,035	6,035	11,181	4,200	1,700
LV Networks			–	10,989	601	12,340	21,381	21,381	9,650	10,600	11,300
Capital Spares			–	–	–	1,000	800	800	–	–	–
Water Supply Infrastructure			–	2,499	17,699	57,674	79,197	79,197	41,600	20,000	24,500
Dams and Weirs			–	–	–	–	–	–	–	–	–
Boreholes			–	–	–	–	10,823	10,823	1,000	1,000	9,500
Reservoirs			–	–	–	3,000	500	500	5,500	7,000	5,000
Pump Stations			–	–	–	–	–	–	–	–	–
Water Treatment Works			–	–	–	16,000	44,990	44,990	15,000	–	–
Bulk Mains			–	–	–	17,174	10,000	10,000	10,000	5,000	–
Distribution			–	–	17,699	21,500	11,798	11,798	10,100	7,000	10,000
Distribution Points			–	2,499	–	–	1,086	1,086	–	–	–
PRV Stations			–	–	–	–	–	–	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–
Sanitation Infrastructure			–	2,806	–	22,229	29,150	29,150	12,000	16,000	22,000
Pump Station			–	1,400	–	–	–	–	–	–	–
Reticulation			–	–	–	15,700	13,000	13,000	12,000	16,000	22,000
Waste Water Treatment Works			–	1,406	–	500	250	250	–	–	–
Outfall Sewers			–	–	–	6,029	14,950	14,950	–	–	–
Toilet Facilities			–	–	–	–	950	950	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure			–	–	7,291	3,500	–	–	650	5,000	15,000
Landfill Sites			–	–	–	3,500	–	–	650	5,000	15,000
Waste Transfer Stations			–	–	7,291	–	–	–	–	–	–
Waste Processing Facilities			–	–	–	–	–	–	–	–	–
Waste Drop-off Points			–	–	–	–	–	–	–	–	–
Waste Separation Facilities			–	–	–	–	–	–	–	–	–
Electricity Generation Facilities			–	–	–	–	–	–	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–
Rail Infrastructure			–	–	–	–	–	–	–	–	–
Rail Lines			–	–	–	–	–	–	–	–	–
Rail Structures			–	–	–	–	–	–	–	–	–
Rail Furniture			–	–	–	–	–	–	–	–	–
Drainage Collection			–	–	–	–	–	–	–	–	–
Storm water Conveyance			–	–	–	–	–	–	–	–	–
Attenuation			–	–	–	–	–	–	–	–	–
MV Substations			–	–	–	–	–	–	–	–	–
LV Networks			–	–	–	–	–	–	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–
Coastal Infrastructure			–	–	–	–	–	–	–	–	–
Sand Pumps			–	–	–	–	–	–	–	–	–
Piers			–	–	–	–	–	–	–	–	–
Revetments			–	–	–	–	–	–	–	–	–
Promenades			–	–	–	–	–	–	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure			–	–	–	1,000	200	200	–	–	–
Data Centres			–	–	–	–	–	–	–	–	–
Core Layers			–	–	–	1,000	200	200	–	–	–
Distribution Layers			–	–	–	–	–	–	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–
Community Assets			–	231	10,483	59,779	14,959	14,959	25,050	21,000	5,500

Community Facilities	-	231	9,492	44,779	14,959	14,959	25,050	21,000	5,500	
Halls	-	-	-	23,200	9,422	9,422	19,050	16,000	4,000	
Centres	-	-	746	-	345	345	-	-	-	
Crèches	-	-	-	-	-	-	-	-	-	
Clinics/Care Centres	-	-	-	-	-	-	-	-	-	
Fire/Ambulance Stations	-	26	-	-	-	-	-	-	-	
Testing Stations	-	-	-	-	-	-	-	-	-	
Museums	-	-	-	-	-	-	-	-	-	
Galleries	-	-	-	-	-	-	-	-	-	
Theatres	-	-	-	-	-	-	-	-	-	
Libraries	-	183	144	-	-	-	-	-	-	
Cemeteries/Crematoria	-	-	-	3,000	2,700	2,700	4,500	3,500	-	
Police	-	-	8,179	-	1,000	1,000	-	-	-	
Parks	-	-	-	-	-	-	-	-	-	
Public Open Space	-	-	422	-	-	-	-	-	-	
Nature Reserves	-	-	-	-	-	-	-	-	-	
Public Ablution Facilities	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	1,000	1,000	1,000	
Stalls	-	22	-	3,000	-	-	-	-	-	
Abattoirs	-	-	-	-	-	-	500	500	500	
Airports	-	-	-	-	-	-	-	-	-	
Taxi Ranks/Bus Terminals	-	-	-	15,579	1,492	1,492	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	-	-	991	15,000	-	-	-	-	-	
Indoor Facilities	-	-	-	15,000	-	-	-	-	-	
Outdoor Facilities	-	-	950	-	-	-	-	-	-	
Capital Spares	-	-	41	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Monuments	-	-	-	-	-	-	-	-	-	
Historic Buildings	-	-	-	-	-	-	-	-	-	
Works of Art	-	-	-	-	-	-	-	-	-	
Conservation Areas	-	-	-	-	-	-	-	-	-	
Other Heritage	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Other assets	-	1,225	420	3,750	3,137	3,137	-	-	-	
Operational Buildings	-	1,225	420	3,750	3,137	3,137	-	-	-	
Municipal Offices	-	1,225	404	3,750	3,137	3,137	-	-	-	
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	
Building Plan Offices	-	-	-	-	-	-	-	-	-	
Workshops	-	-	-	-	-	-	-	-	-	
Yards	-	-	-	-	-	-	-	-	-	
Stores	-	-	-	-	-	-	-	-	-	
Laboratories	-	-	15	-	-	-	-	-	-	
Training Centres	-	-	-	-	-	-	-	-	-	
Manufacturing Plant	-	-	-	-	-	-	-	-	-	
Depots	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Staff Housing	-	-	-	-	-	-	-	-	-	
Social Housing	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	1,179	620	34,000	8,882	8,882	3,100	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	1,179	620	34,000	8,882	8,882	3,100	-	-	
Water Rights	-	-	-	-	-	-	-	-	-	
Effluent Licenses	-	-	-	-	-	-	-	-	-	
Solid Waste Licenses	-	-	-	-	-	-	-	-	-	
Computer Software and Applications	-	1,179	620	34,000	8,882	8,882	3,100	-	-	
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-	
Unspecified	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	346	320	-	-	-	-	-	-	
Computer Equipment	-	346	320	-	-	-	-	-	-	
Furniture and Office Equipment	-	900	1,961	-	923	923	2,000	-	-	
Furniture and Office Equipment	-	900	1,961	-	923	923	2,000	-	-	
Machinery and Equipment	-	1,047	876	280	7,532	7,532	1,000	6,700	12,000	
Machinery and Equipment	-	1,047	876	280	7,532	7,532	1,000	6,700	12,000	
Transport Assets	-	5,297	-	3,000	12,180	12,180	6,000	-	3,500	
Transport Assets	-	5,297	-	3,000	12,180	12,180	6,000	-	3,500	
Land	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	-	70,824	120,762	458,805	457,328	457,328	298,987	347,400	291,262

MP326 City of Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	178	2,677	25,039	28,910	28,910	6,000	10,000	30,000
Roads Infrastructure		–	–	–	14,868	8,438	8,438	–	–	–
Roads		–	–	–	14,868	8,438	8,438	–	–	–
Road Structures										
Road Furniture										
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares										
Water Supply Infrastructure		–	178	–	–	–	–	1,000	5,000	16,000
Dams and Weirs										
Boreholes										
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations										
Water Treatment Works		–	–	–	–	–	–	1,000	5,000	14,000
Bulk Mains										
Distribution		–	178	–	–	–	–	–	–	2,000
Distribution Points										
PRV Stations										
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	13,827	13,827	5,000	5,000	14,000
Pump Station		–	–	–	–	–	–	5,000	5,000	10,000
Reticulation		–	–	–	–	–	–	–	–	–
Waste Water Treatment Works		–	–	–	–	13,827	13,827	–	–	4,000
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	10,171	6,645	6,645	–	–	–
Rail Lines										
Rail Structures		–	–	–	10,171	6,645	6,645	–	–	–
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	2,677	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares		–	–	2,677	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	4,900	5,649	5,649	1,000	800	800

Community Facilities		-	-	-	-	-	-	-	-	-
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	4,900	5,649	5,649	1,000	800	800
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	4,900	5,649	5,649	1,000	800	800
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments		-	-	-	-	-	-	-	-	-
Historic Buildings		-	-	-	-	-	-	-	-	-
Works of Art		-	-	-	-	-	-	-	-	-
Conservation Areas		-	-	-	-	-	-	-	-	-
Other Heritage		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	2,000	-	-	2,100	2,500	1,000
Operational Buildings		-	-	-	2,000	-	-	2,100	2,500	1,000
Municipal Offices		-	-	-	-	-	-	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	2,100	2,500	1,000
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	2,000	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	-	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	178	2,677	31,939	34,559	34,559	9,100	13,300	31,800

MP326 City of Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	40,485	3,068	13,211	7,501	7,501	147,472	96,725	81,749
Roads Infrastructure		–	–	–	–	–	–	11,000	9,900	9,265
Roads		–	–	–	–	–	–	10,000	9,000	8,500
Road Structures										
Road Furniture		–	–	–	–	–	–	1,000	900	765
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	7,253	2,870	11,417	7,439	7,439	11,809	10,628	9,034
Power Plants		–	391	388	741	274	274	430	387	329
HV Substations		–	2,030	1,598	1,148	810	810	1,919	1,727	1,468
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	3,200	837	6,418	4,978	4,978	3,530	3,177	2,700
MV Substations		–	–	–	–	–	–	5,000	4,500	3,825
MV Switching Stations		–	93	–	1,097	366	366	300	270	230
MV Networks										
LV Networks		–	1,539	47	2,014	1,011	1,011	630	567	482
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	68,500	25,650	21,803
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works		–	–	–	–	–	–	19,500	17,550	14,918
Bulk Mains										
Distribution		–	–	–	–	–	–	41,000	900	765
Distribution Points		–	–	–	–	–	–	8,000	7,200	6,120
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works		–	–	–	–	–	–	–	–	–
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	33,232	–	1,275	–	–	22,000	19,800	16,830
Landfill Sites		–	33,232	–	1,275	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	22,000	19,800	16,830
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	1	48	196	54	54	33,963	30,566	24,665
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection		–	1	48	196	54	54	30	27	23
Storm water Conveyance		–	–	–	–	–	–	33,933	30,539	24,642
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	150	323	8	8	200	180	153
Data Centres										
Core Layers		–	–	150	323	8	8	200	180	153
Distribution Layers										
Capital Spares										
Community Assets		–	592	834	446	79	79	1,500	1,350	1,148

Community Facilities	-	592	834	446	79	79	600	540	459	
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-	
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries	-	-	-	-	-	-	100	90	77	
Cemeteries/Crematoria										
Police										
Parks	-	-	-	-	-	-	500	450	383	
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals	-	592	834	446	79	79	-	-	-	
Capital Spares										
Sport and Recreation Facilities	-	-	-	-	-	-	900	810	689	
Indoor Facilities										
Outdoor Facilities	-	-	-	-	-	-	900	810	689	
Capital Spares										
Heritage assets	-	-	-	-	-	-	-	-	-	
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property										
Unimproved Property										
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property										
Unimproved Property										
Other assets	-	-	-	1,000	-	-	12,100	10,540	8,984	
Operational Buildings	-	-	-	1,000	-	-	12,100	10,540	8,984	
Municipal Offices	-	-	-	1,000	-	-	10,100	9,040	7,784	
Pay/Enquiry Points										
Building Plan Offices	-	-	-	-	-	-	2,000	1,500	1,200	
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing	-	-	-	-	-	-	-	-	-	
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets										
Intangible Assets	-	-	-	-	-	-	-	-	-	
Servitudes										
Licences and Rights	-	-	-	-	-	-	-	-	-	
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment	-	-	-	-	-	-	-	-	-	
Computer Equipment										
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment										
Machinery and Equipment	-	491	-	-	-	-	2,290	2,146	1,934	
Machinery and Equipment	-	491	-	-	-	-	2,290	2,146	1,934	
Transport Assets	-	-	-	-	-	-	12,027	10,824	9,201	
Transport Assets	-	-	-	-	-	-	12,027	10,824	9,201	
Land	-	-	-	-	-	-	-	-	-	
Land										
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	-	41,568	3,902	14,657	7,580	7,580	175,389	121,585	103,015

MP326 City of Mbombela - Supporting Table SA34d Depreciation by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
<u>Depreciation by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		–	401,093	408,531	423,365	398,069	398,069	417,580	425,931	474,336
Roads Infrastructure		–	221,504	238,363	213,079	199,376	199,376	242,449	247,298	330,991
Roads		–	221,504	238,363	108,193	99,000	99,000	242,449	247,298	330,991
Road Structures		–	–	–	69,924	66,917	66,917	–	–	–
Road Furniture		–	–	–	23,308	22,306	22,306	–	–	–
Capital Spares		–	–	–	11,654	11,153	11,153	–	–	–
Storm water Infrastructure		–	–	–	19,120	18,298	18,298	–	–	–
Drainage Collection		–	–	–	9,560	9,149	9,149	–	–	–
Storm water Conveyance		–	–	–	5,736	5,489	5,489	–	–	–
Attenuation		–	–	–	3,824	3,660	3,660	–	–	–
Electrical Infrastructure		–	64,694	54,618	67,747	63,525	63,525	56,583	57,715	17,589
Power Plants		–	64,694	–	16,937	16,208	16,208	–	–	–
HV Substations		–	–	–	9,485	9,077	9,077	11	11	12
HV Switching Station		–	–	–	7,452	7,132	7,132	–	–	–
HV Transmission Conductors		–	–	–	12,195	11,670	11,670	379	46,543	17,577
MV Substations		–	–	54,618	6,775	6,775	6,775	56,192	11,160	–
MV Switching Stations		–	–	–	5,420	5,187	5,187	–	–	–
MV Networks		–	–	–	6,097	4,235	4,235	–	–	–
LV Networks		–	–	–	3,387	3,242	3,242	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	70,673	74,534	75,784	71,234	71,234	76,828	78,365	81,500
Dams and Weirs		–	70,673	–	3,889	3,722	3,722	–	–	–
Boreholes		–	–	–	7,001	6,700	6,700	–	–	–
Reservoirs		–	–	–	15,557	14,888	14,888	–	–	–
Pump Stations		–	–	–	3,889	3,722	3,722	–	–	–
Water Treatment Works		–	–	–	23,335	20,985	20,985	–	–	–
Bulk Mains		–	–	–	4,667	4,466	4,466	–	–	–
Distribution		–	–	74,534	7,778	7,500	7,500	76,828	78,365	81,500
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	9,668	9,252	9,252	–	–	–
Sanitation Infrastructure		–	43,212	39,959	46,010	44,081	44,081	40,644	41,457	43,115
Pump Station		–	43,212	–	6,902	6,605	6,605	–	–	–
Reticulation		–	–	–	11,503	11,008	11,008	–	–	–
Waste Water Treatment Works		–	–	39,959	13,803	13,259	13,259	40,644	41,457	43,115
Outfall Sewers		–	–	–	13,803	13,209	13,209	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	1,010	1,057	1,625	1,555	1,555	1,075	1,097	1,141
Landfill Sites		–	1,010	1,057	1,625	1,555	1,555	1,075	1,097	1,141
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–	–	–
Piers		–	–	–	–	–	–	–	–	–
Revetments		–	–	–	–	–	–	–	–	–
Promenades		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		–	–	–	–	–	–	–	–	–
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<u>Community Assets</u>		–	667	885	69,158	66,184	66,184	–	–	–

Community Facilities	-	667	885	69,158	66,184	66,184	-	-	-
Halls	-	667	-	5,254	5,028	5,028	-	-	-
Centres	-	-	-	61,340	58,702	58,702	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	409	392	392	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	885	832	796	796	-	-	-
Cemeteries/Crematoria	-	-	-	1,322	1,266	1,266	-	-	-
Police	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	2,112	2,112	2,586	2,474	2,474	2,148	2,191	-
Revenue Generating	-	2,112	2,112	2,586	2,474	2,474	2,148	2,191	-
Improved Property	-	2,112	-	1,293	1,237	1,237	-	-	-
Unimproved Property	-	-	2,112	1,293	1,237	1,237	2,148	2,191	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	-	69,688	57,998	5,808	5,561	5,561	58,992	60,172	62,579
Operational Buildings	-	69,688	57,998	5,808	5,561	5,561	58,992	60,172	62,579
Municipal Offices	-	69,688	57,998	2,033	1,948	1,948	58,992	60,172	62,579
Pay/Enquiry Points	-	-	-	348	333	333	-	-	-
Building Plan Offices	-	-	-	290	278	278	-	-	-
Workshops	-	-	-	290	278	278	-	-	-
Yards	-	-	-	174	167	167	-	-	-
Stores	-	-	-	697	667	667	-	-	-
Laboratories	-	-	-	465	445	445	-	-	-
Training Centres	-	-	-	407	389	389	-	-	-
Manufacturing Plant	-	-	-	348	333	333	-	-	-
Depots	-	-	-	581	556	556	-	-	-
Capital Spares	-	-	-	174	167	167	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	1,167	1,241	1,006	969	969	1,253	1,278	1,329
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	1,167	1,241	1,006	969	969	1,253	1,278	1,329
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	1,167	1,241	1,006	969	969	1,253	1,278	1,329
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	-	4,685	4,161	4,118	4,000	4,000	4,242	4,327	4,500
Computer Equipment	-	4,685	4,161	4,118	4,000	4,000	4,242	4,327	4,500
Furniture and Office Equipment	-	4,767	4,848	7,146	6,927	6,927	4,931	5,029	5,231
Furniture and Office Equipment	-	4,767	4,848	7,146	6,927	6,927	4,931	5,029	5,231
Machinery and Equipment	-	-	7,788	7,406	7,133	7,133	7,926	8,084	-
Machinery and Equipment	-	-	7,788	7,406	7,133	7,133	7,926	8,084	-
Transport Assets	-	18,696	19,017	24,450	23,662	23,662	19,496	19,886	-
Transport Assets	-	18,696	19,017	24,450	23,662	23,662	19,496	19,886	-
Land	-	-	-	542	518	518	-	-	-
Land	-	-	-	542	518	518	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Depreciation	1	-	502,874	506,580	545,585	515,498	515,498	516,567	526,898

2.8 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities;

2.8.1 In-year reporting

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

1.8.2 Internship program

The City is participating in the Municipal Financial Management Internship program and has employed seven (6) interns undergoing training in various divisions of the Financial Management Department.

1.8.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

1.8.4 Audit Committee

An Audit Committee has been established and is fully functional.

1.8.5 Service Delivery and Implementation Plan

The detail Service Delivery Budget and Implementation Plan document is at a draft stage and will be finalised within 28 days after the tabling of the final 2020/21 – 2022/2023 Medium Term Revenue and Expenditure Framework on June 2020 directly aligned and will be informed by the 2020/2021 IDP and budget.

1.8.6 Annual Report

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

1.8.7 Municipal Finance Management Act Training

The MFMA training module in electronic format is presented at the City's internal center and training is ongoing.

1.8.8 Policies

All budget-related policies mentioned earlier above were tabled together with the final budget before council on June 2020.

2.9 MUNICIPAL MANAGERS' QUALITY CERTIFICATION

I **Mr. W.J Khumalo**, Municipal Manager of City Of Mbombela, hereby certify that the final annual budget and supporting documentation for 2020/2021 - 2022/2023 have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: _____
Municipal Manager: City of Mbombela

Signature _____

Date _____